

By Mr. DELANEY: A bill (H. R. 12965) for the relief of the Mizrach Wine Co.; to the Committee on Claims.

By Mr. DOUGLASS of Massachusetts: A bill (H. R. 12966) for the relief of the Massachusetts Bonding & Insurance Co., a corporation organized and existing under the laws of the State of Massachusetts; to the Committee on Claims.

By Mr. HOGG of Indiana: A bill (H. R. 12967) granting an increase of pension to Elizabeth Plasterer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12968) granting an increase of pension to Harriet E. Hess; to the Committee on Invalid Pensions.

By Mr. HOLLISTER: A bill (H. R. 12969) granting Briggs Cunningham Jones the privilege of filing application for benefits under the emergency officers' retirement act; to the Committee on Naval Affairs.

By Mr. HOPKINS: A bill (H. R. 12970) granting an increase of pension to Anna Aughinbaugh; to the Committee on Invalid Pensions.

By Mr. KLEBERG: A bill (H. R. 12971) for the relief of D. E. Swinhart; to the Committee on Claims.

By Mr. MOREHEAD: A bill (H. R. 12972) granting an increase of pension to Fannie Bates; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 12973) granting an increase of pension to Anna M. Thompson; to the Committee on Invalid Pensions.

By Mr. SNELL: A bill (H. R. 12974) granting an increase of pension to Agnes C. Johnson; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8532. By Mr. CRAIL: Petition of Studio Carpenters' Local Union, No. 946, Los Angeles, Calif., favoring the enactment of legislation providing for a \$5,000,000,000 bond issue for necessary public improvements to give employment and relief to the people; to the Committee on Ways and Means.

8533. By Mr. LINDSAY: Petition of National Cooperative Council, Washington, D. C., urging the repeal of the agricultural marketing act; to the Committee on Agriculture.

8534. By Mr. RANSLEY: Resolutions from the Philadelphia Wool and Textile Association, favoring the abolition of those activities of the Government for so-called farm relief, which have proved to be impractical, wasteful, and at the same time harmful to business, to the end that further drains upon the Federal Treasury for such purposes may cease; to the Committee on Expenditures in the Executive Departments.

8535. By Mr. RUDD: Petition of National Cooperative Council, Washington, D. C., favoring the repeal of section 9 (known as the stabilization clause) of the agricultural marketing act; to the Committee on Agriculture.

SENATE

THURSDAY, JULY 14, 1932

(Legislative day of Monday, July 11, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. STEVENSON, Mr. GOLDSBOROUGH, Mr. McFADDEN, and Mr. STRONG of Kansas were appointed managers on the part of the House at the conference.

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The message also announced that the House had passed the bill (S. 4747) to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed without amendment the bill (S. 3276) to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926.

The message also announced that the House had passed a bill (H. R. 8374) to authorize the settlement, allowance, and payment of certain claims, and for other purposes, in which it requested the concurrence of the Senate.

MERGER OF DISTRICT STREET RAILWAYS

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Vermont [Mr. AUSTIN] that the Senate proceed to the consideration of House Joint Resolution 154, to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes, and the Senator from Nebraska [Mr. NORRIS] is entitled to the floor.

Mr. BINGHAM. Mr. President, would the Senator from Nebraska be willing to yield to permit a motion to be offered for the reconsideration of the vote by which the farm aid bill was passed on yesterday?

Mr. NORRIS. The Senator does not want to take it up now, does he?

Mr. BINGHAM. I want to make the motion to ask for a return of the papers at once, as I understand the House is likely to consider the measure this morning. It may not be that the Senate will agree to a reconsideration.

Mr. NORRIS. I would not have any objection to yielding for the purpose of entering the motion, but, as I understand it, the papers in the case referred to have already been sent to the House, and that means the motion would be debated before bringing the papers back. It might lead to unlimited debate. I would rather the Senator would wait until I am through. I would rather not yield for that purpose.

Mr. LA FOLLETTE. Mr. President, will the Senator yield to me to enable me to suggest the absence of a quorum?

Mr. NORRIS. Yes; I will yield for that purpose.

Mr. SHIPSTEAD. Mr. President, will the Senator from Wisconsin withhold the suggestion for a moment?

Mr. LA FOLLETTE. Very well.

Mr. NORRIS. I yield.

Mr. LA FOLLETTE. I would like to ask the Senator from Connecticut whether he has consulted with the Senator from South Dakota [Mr. NORBECK], the author of the bill? As I understand it, the Senator from South Dakota is engaged in a conference meeting this morning. It seems to me he ought to be notified.

Mr. BINGHAM. I shall not press the motion to reconsider, merely the motion to ask for return of the papers.

Mr. NORRIS. It all means that the motion to reconsider will probably result in the bill being debated until it is too late to get action in the House. I decline to yield.

The VICE PRESIDENT. The Senator from Nebraska declines to yield.

Mr. BINGHAM subsequently said: Mr. President, I desire to enter a motion to reconsider the action of the Senate whereby the bill known as the farm aid bill, introduced by the Senator from South Dakota [Mr. NORBECK], was passed on yesterday.

Mr. NORRIS. Mr. President, has the bill been sent to the House?

The VICE PRESIDENT. It has been messaged to the House.

Mr. NORRIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Nebraska will state the parliamentary inquiry.

Mr. NORRIS. A motion made to reconsider could not be considered or entertained unless the papers are returned, could it?

The VICE PRESIDENT. Under the rule the motion can not be considered until the papers are returned. Also under the rule the motion to reconsider shall be accompanied by a motion to return the papers and action upon the motion calling for the return of the papers is to be taken without debate.

Mr. NORRIS. Would not the consideration of the motion lead to debate?

Mr. BINGHAM. The motion is not debatable and will not, therefore, lead to discussion.

The VICE PRESIDENT. The motion to return the papers is not debatable.

Mr. BINGHAM. In view of that fact I hope the Senator will not object.

Mr. SHIPSTEAD. Mr. President—

The VICE PRESIDENT. The Senator from Nebraska has the floor. Does he yield to the Senator from Minnesota?

Mr. NORRIS. I yield.

EMPLOYEES OF GOVERNMENT PRINTING OFFICE

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to introduce a substitute for Senate Joint Resolution 200 now on the table. This substitute is suggested by Mr. Carter, the Public Printer, at my request. I am informed that this substitute has been submitted to the Comptroller General McCarl's office, who gave an informal opinion that the aim to be accomplished by Senate Joint Resolution 200 can only be attained by the adoption of this substitute.

The joint resolution (S. J. Res. 205) relating to leave with pay for employees of the Government Printing Office was read the first time by its title, and the second time at length, as follows:

Whereas under authority of existing law it is the practice of the Government Printing Office in granting annual leave with pay to grant such leave only after the employee has earned during the fiscal year the full 30 days' leave; and

Whereas the practice in other Government departments has been to grant leave as earned at the rate of two and one-half days per month; and

Whereas the employees of the Government Printing Office in accordance with section 103 of Title I of Part II of the legislative appropriation act for the fiscal year ending June 30, 1933, will be deprived not only of leave earned during the fiscal year 1932 but also of leave earned during the fiscal year 1933, and the annual leave with pay accumulated during the fiscal year 1934 will not be available until after June 30, 1934; and

Whereas under the provisions of existing law employees of the Government Printing Office are not now and never have been entitled to sick leave with pay; and

Whereas the effect of such section 103 of such legislative appropriation act of 1933 discriminates against employees of the Government Printing Office: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provisions of section 110 of Title I of Part II of the act entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes," approved June 30, 1932, all moneys returned to the Treasury on account of furlough and pay reduction from the wages and salaries of employees of the Government Printing Office under said act are hereby reappropriated as they become available for use by the Public Printer in payment of leaves of absence earned by said employees during the fiscal year ended June 30, 1932; such payments to be in lieu of time off on account of said earned leaves of absence and in full compensation therefor; and all payments so made shall be in alphabetical order beginning with employees of the lowest grade and those who may die or be separated from the rolls during the fiscal year 1933, but shall not include payments for any leaves of absence earned during the fiscal year 1933.

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent for the immediate consideration of the joint resolution.

The VICE PRESIDENT. Does the Senator from Nebraska yield for that purpose?

Mr. NORRIS. That, too, will lead to debate.

Mr. SHIPSTEAD. I do not think it will. If it does, I shall withdraw my request.

Mr. ROBINSON of Arkansas. Mr. President, I do not think consideration of the joint resolution will call for much debate.

The VICE PRESIDENT. Is there objection to the request of the Senator from Minnesota?

Mr. JONES. Mr. President, I am heartily in favor of the joint resolution, but it ought to go to a committee and be reported back to the Senate first before we take action on it.

Mr. SMOOT. Under the rule it will have to go to a committee.

The VICE PRESIDENT. Without objection, the joint resolution will be referred to the Committee on Appropriations.

UNIT BANKING

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD of to-day's proceedings an address on the subject Holding the Line for the Unit Bank, delivered by H. B. McDowell, prominent Pennsylvania banker, vice president of McDowell National Bank, of Sharon, Pa., before the Thirty-eight Annual Convention of the Pennsylvania Bankers' Association, held in Pittsburgh May 17, 18, 19, 1932. Mr. McDowell is the son of the late Alexander McDowell, former Member of Congress at large from the State of Pennsylvania and later Clerk of the House of Representatives, and is at present a member of the executive council, American Bankers' Association, and past president of Pennsylvania Bankers' Association.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

HOLDING THE LINE FOR THE UNIT BANK

Mr. President, ladies and gentlemen of the Pennsylvania Bankers' Association, and guests, I have been asked to discuss with you the subject of pending bank legislation in Congress, particularly as it concerns unit banks. My text, therefore, is taken from Senate bill No. 4412, page 44, section 19, beginning at line 18, as follows:

"Paragraph (c) of section 5155 of the Revised Statutes, as amended, is amended to read as follows: '(C) A national banking association may, with the approval of the Federal Reserve Board, establish and operate new branches within the limits of the city, town, or village, or at any point within the State in which said association is situated: *Provided*, That if by reason of the proximity of such an association to a State boundary line the ordinary and usual business of such association is found to extend into an adjacent State, the Federal Reserve Board may permit the establishment of a branch or branches by such association in an adjacent State, but not beyond a distance of 50 miles from the place where the parent bank is located. No such association shall establish a branch outside of the city, town, or village in which it is situated unless it has a paid-in and unimpaired capital stock of not less than \$500,000.'"

This simple statement means that if a national bank has \$500,000 and upwards of paid-in capital it can establish branches in any part of the State in which it is located; and if it happens to be near the border, it can spread out for 50 miles into another State, whether the State laws in either State permit branch banking or not; and, further, even if the State laws absolutely prohibit branch banking. This, in my opinion, is intended only as the forerunner of nation-wide branch banking.

HISTORY OF BRANCH-BANKING PROPOSAL

Before going into the merits of this revolutionary proposal may I set forth a series of events that have led up to the legislation now before Congress? This discussion naturally divides itself into two parts, which are interrelated to a larger extent than would appear on the surface.

While there have been advocates of branch banking for many years, the first serious effort for a broad adoption of the principle was made in the American Bankers' Association convention at Los Angeles in 1925, where it was sought to place the convention on record in favor of branch banking. This effort was defeated, and the issue remained more or less dormant until 1928.

In May, 1928, Hon. John W. Pole in an address before the Maryland Bankers' Association at Atlantic City pointed out that 5,000 banks had failed, with liabilities of one billion five hundred million. He recommended as a cure enactment of a Federal law which would permit national banks in large cities to engage in branch banking within so-called trade areas.

The comptroller overlooked in this address the time over which these failures took place and the general location of the failed banks. Also that the total average assets per bank were only \$300,000. Nor did he make any statement as to the actual final loss to depositors. Since large banks were included in his figures, he might have stated that many of the failed banks were very small and had no sufficient prospect of success even at the time their charters were granted. Had he pointed out that in the 9 years prior to 1928 only 121 banks had failed in the 14 Eastern States, including Ohio on the west and Maryland on the south; that in that same period there had been no failures at all in the State of New Jersey, only 6 in the State of Maryland, and only 36 in the State of Pennsylvania; that New York, Pennsylvania, Ohio, and West Virginia had the lamest record during this period, and that 6 of these 14 States had had only 1 failure each in 9 years; then these certainly would have been no cause for alarm about the unit-banking situation so far as these 14 Eastern States were concerned.

The reasons for the failures, which could have been cited in 1928, were that too many charters had been granted in all States, so that competition had been forced on established banks, both

by State and Federal authorities. In my own community one National and two State banks chartered, where no more were needed, have passed out of the picture.

The failures in New York, Pennsylvania, Ohio, and West Virginia, the 4 States of the 14 Eastern States having the greatest population and the largest number of banks, can be assigned to specific reasons in addition to the excess number of chartered banks.

(a) In New York—to speculation together with faulty and dishonest financing.

(b) In Pennsylvania—to a changed bituminous-coal situation in the western section, and a changed anthracite-coal situation in the eastern section, these changes due partly to State and Federal governmental interference. Also, real-estate speculation on the part of building and loan associations in the eastern part of the State caused much distress.

(c) In Ohio—to competition of banks with building and loan associations operating under laws very detrimental to banks, causing highly inflated real-estate prices.

(d) In West Virginia—to the bituminous-coal situation.

It must be admitted, in view of the foregoing, that bank management of any type—whether in centralized or unit banks, could not have controlled these conditions, nor could it have expected to cope successfully with, for instance, cotton and real estate in the South—wheat and farm products in the West—and the changes we experienced in basic industries in the Eastern States, including ill-advised building and loan competition operating under State law.

As a matter of fact the situation might well have been worse, since in addition to the economic recession large banks had sold many issues of bonds and stocks based upon all of the property and types of bad industry enumerated above. Under unified control, sales resistance would have been less and the chance increased for a greater distribution of bonds and securities faulty in their inception and not infrequently based on either ignorance or dishonesty, or both. In fact, one of the main contentions for branch banking is that a wider and more economical distribution of securities could be had, and a more mobile pool of accumulated savings would be available for the financial centers. Under that sort of control, one wonders to what lengths our recent debacle in investment securities might have taken us.

MORE HISTORY

The figures of 1928 showed that 121 banks had failed in the 14 Eastern States in the 9 years, while 4,439 had failed in the United States as a whole—a percentage of 2.7 per cent for the Eastern States. Had the facts been given the publicity they so richly merited, I firmly believe much of the trouble in the East would have been averted.

Starting about the time of the comptroller's 1928 address, many financial writers, speakers, and alleged authorities turned loose a running fire of propaganda which indiscriminately attacked country banks and held up branch banking as the cure for a "bad banking system." This in spite of the fact that the unit system had operated successfully in the Eastern States. It is significant that during the next two and one-half years to July 1, 1931, failures in Eastern States increased to 340, against a previous record of 121 failures in 9 years.

By July 1, 1931, there had been a total of 7,193 failures in 11½ years, divided as follows:

In 14 Eastern States.....	340 or 4.7 per cent
South of Maryland and east of Mississippi River.....	1,525 or 21.3 per cent
West of Ohio in remaining States.....	5,328 or 74 per cent
	100 per cent

This represents an increase from 1928 of 2,754, or more than 62 per cent, after the attack began. I am sorry that later figures are not available.

Published articles appeared in the Saturday Evening Post, Harper's, Atlantic Monthly, World's Work, Standard Statistics, Moody's, Business Week, and many other periodicals, including the daily newspapers, all pointing to the weakness of the unit-bank system and of country banks in particular. Many of these articles had every indication of being inspired by individuals and interests wishing to advance the branch-bank idea.

One of the most unfortunate omissions was that all failures of groups and chains were placed in the unit-bank-failure column. Not one official word, even yet, has appeared concerning the extraordinary failures centering about Louisville, Ky., where a group operating under the guidance of Rogers-Caldwell carried down almost 100 banks. Nor has much been said about the branch-bank experiments in New York, where many consolidations took place, and the failure of the Bank of the United States carried down more than 57 corporations; or of the Bankers Trust Co. in Philadelphia, with its 21 branches; or of Toledo, Canton, Youngstown, Ohio; New York, Boston, Chicago, Louisville, and other cities where branch or group banking is established. The assets tied up by these failures are of far greater amount than those of all the failed country banks put together. The contrast between these totals in the Eastern States is particularly impressive.

And while much has been heard, nothing has thus far been said about the situation in California, except that their climate remains soft and balmy.

Moreover, it should not be forgotten that these very failures of city banks adversely affected country banks and in many cases

brought about their failure, also, because the city bank carried country bank reserve funds as well as funds in transit, both aggregating huge totals.

I assert that research and declaration have not sought the fundamental truth, namely, that one seat of the trouble was in too many banks. The record shows that North Dakota had one bank for every 750 of its inhabitants, and Iowa one for every 1,400. The situation in these States was not exceptional. On the contrary, an excessive number of banks had been established throughout those sections of the country mainly devoted to agriculture. It is admitted, also, that a further cause of difficulty and eventual failure was the Federal reserve act, which removed from city banks the cost of the transfer of funds and placed it upon the country banks by denying the latter the right to charge for checks drawn on them and sent for collection by their city correspondent banks.

Another contributing cause for uncertainty and bank failures has been the interference of the Federal Government in loaning money through the Federal farm-loan banks and joint-stock land banks, which have dumped surplus funds in prodigious quantity into agricultural sections at the same time, hampering the banks in their ability to loan money safely.

SOWING SEEDS OF DISCONTENT

For more than five years the unit bank has been under a constant fire of propaganda from writers and speakers, thus actually creating "events and circumstances" for immediate as well as ultimate use. The first and perhaps the greatest exponent of this art was the well-known P. T. Barnum. He has to-day many apostles in our centers of financial influence. While the Chicago troubles were on, articles in Moody's Letters and in Standard Statistics pointed to a "Recurrence of failures among country banks." Babson's Service also did a bit of pointing in the wrong direction. While the Pittsburgh troubles were on, the Pittsburgh Post-Gazette of October 26, 1931, spoke of troubles among country banks. Business Week, of September 17 and 24, 1931, spoke of weakness of country banks in the midst of grave troubles in New York, Philadelphia, and Chicago. Only last summer the president of a large Detroit bank said in an address having wide circulation that Federal legislation would be proposed for the purpose of preventing failures among country banks.

What the public might actually have been told was the course of procedure within the "big tent," meaning, of course, those unavoidable ceremonies within the larger groups where "shot-gun weddings" of banks took first place in the order of the day's business. [Applause.]

POINTS OF VIEW

It is interesting to note here the vigorous opposition of city bankers to those provisions of the Glass bill dealing with holding companies and security affiliates.

In the May issue of the Atlantic Monthly, Mr. John T. Flynn describes "The Science and Art of Ballyhoo" as practiced by Edward L. Bernays. Mr. Bernays has established a very lucrative business dealing with the science of unconscious mental processes. He deals with the psychology of the crowd and he controls or directs mass thinking through group leaders. He sells his services. I do not know who has directed the propaganda for branch banking, but the methods used follow very closely those employed by Bernays.

First the attention of the public was called to the great number of bank failures, avoiding all suggestion as related to group, branch, and chain failures. Then the great strength of city banks was played up in contrast to the alleged weakness of country banks. Scant attention was given to city bank failures. The large tie-up of assets in cities as contrasted to the small asset tie-up in the country was missed as clean as a whistle. Then we had the testimony of the big boys before the Banking and Currency Committee, then interviews in newspapers and periodicals, and now more statements, from which I quote as follows:

Mr. Robert O. Lord, president of the Guardian-Detroit Union Group (Inc.), in the Wall Street Journal of May 3, says: "If the Glass bill in its present form becomes law and permits state-wide branch banking, there will not be the slightest danger of big banks obtaining sole control."

I have recently read in the May 7 issue of the Michigan Investor an address delivered by Mr. Lord before the Bankers' Club of Detroit at their semiannual banquet, in which he makes several statements and arrives at some conclusions. In regard to this I would only have this comment to make: That, having started with a wrong premise, Mr. Lord naturally arrives at a wrong conclusion, and when he says, 'that upon the enactment of the branch-banking provisions of the Glass bill there will be a greater anxiety on the part of the country banks to be taken over as branches than on the part of the city banks to take them over,' it is permitted to raise a considerable question as to the accuracy of this statement in view of the opinions which I have heard expressed by several Michigan bankers outside of Detroit. In fact I believe the weight of opinion in both number and amount would be very much against the statements contained in Mr. Lord's address.

The vice president of a large New York trust company, in the Philadelphia Public Ledger and the Wall Street Journal of April 30, was quoted as declaring in an interview with President Hoover that the branch banking section of the Glass bill is of vital importance to the country. This gentleman has since said that the subject of branch banking was not even mentioned in his interview.

Royal Meeker, the economist, is quoted as having said that the national banks hail with joy the thought of Federal control of all banking processes.

Since these published items are all of the same cloth, it is pertinent to recall that the same sequence of events—namely, the World War, followed by the boom of 1919 and part of 1920, and the collapse of 1920 and 1921—which undermined a great many of our small agricultural banks, also undermined great branch-banking systems in many parts of the world. These failures include a great bank in Denmark; a great bank in Canada with 400 branches; the Banque Industrielle de Chine in China, with its widespread branches; the Banca di Sconto in Italy, with branches spread all over that country; and more recently the collapse of great branch-banking systems in Japan and Austria. In all parts of America the great bulk of unit banks as measured by resources survived the shock, and in every State the majority of unit banks in number and resources stand intact. As a matter of fact, despite the present business recession, more than 95 per cent of all bank resources are still intact.

THE AMERICAN BANKERS' ASSOCIATION ATTITUDE

May I refer to the position assumed by our own American Bankers' Association officers, who were instructed at Cleveland in 1930 to uphold the autonomy of State laws with regard to branch banking. Before the Senate committee they vigorously opposed certain other features of the bill which had not been anticipated by their members, and upon which no instructions had been given. Aside from the strong testimony of Mr. Rudolph S. Hecht, chairman of the economic policy commission, the official position taken by the American Bankers' Association on section 19 is weak indeed. I quote from a statement as follows:

"In regard to section 19 of the bill covering branch banking, we call attention to the resolution of the American Bankers' Association adopted at Cleveland in 1930 which reaffirms its belief in the unit banks, modified to the extent that community-wide branch banking in metropolitan areas and country-wide branch banking in rural districts, were economically justified, may be desirable, but in every respect preserving the autonomy of the laws of the separate States in respect to branch banking."

"Neither the executive council nor any committee of the association has power to take any position in conflict with the action of the convention."

Now, just what does this conclusion mean? Does it mean they are still of the same opinion as they were in 1930, or does it mean that because their hands are tied is the only reason why section 19 is not now indorsed? It certainly does not explain why it is that a vigorous protest against section 19 was not entered by the officers of the association in accordance with the convention mandate.

As the late Phineas T. Barnum might say: "The herd is now ready to tumble and throng its way past the box office." In other words, we are told in effect that the psychology of the mass has been prepared so that they will now accept branch banking as a cure for our present ills. Let me say, gentlemen, that if the unit bankers of America are not willing to accept that verdict, they must take off their coats and go to work.

I like to think I have many friends among city bankers for whom I have great respect. But to them this is simply an academic question. Even though many oppose branch banking, they know they can not be hurt by it, and besides a widening of their field may be of value to them in the future. Let us not fool ourselves by thinking that the public has any interest in this question except as they have been taken over by propaganda. The public, which does not understand the strangulation of branch banking, has only one interest—namely, that banks stay open. Unit bankers who want to preserve their business can not pass the buck to anyone. We must do the work ourselves, even though this warning may come to many of us as a distinct shock. Remember—

"Still as of old, man by himself is priced,

For 30 pieces of silver, Judas sold himself—not Christ!"

OTHER PHASES OF THE PROBLEM

May I refer to other phases of this problem? Commercial banking is not the only necessary and legitimate function of banks. Other bank services, however, seem to be receiving scant consideration at the hands of legislators. The time has not yet arrived when we must bend the knee and acknowledge as our sole god or king the creation and distribution of goods.

Twenty years ago character was considered to be an asset, and the elder Morgan once said something to the effect that he would rather loan to a man with good character than to a man with a good statement. To-day there is a great hue and cry for absolute liquidity, supported by balance sheets, which in many cases would exclude character loans. After all, the experience of the past few years might lead our Federal authorities to believe that character was an absolutely extinct asset; but out in the country districts we still know some honest folks, and maybe they can't pay in 30 days, but they will pay.

Before taking up some of the other things that have caused bank failures over the 12-year period from 1920 to 1932, let me observe that in spite of the record of the failures that those who were fortunate enough to have deposits in banks, either open or closed, during the past few years will come out with a much greater percentage of their principal left than they would have had if they had invested it in many of the so-called good securities which were offered with high recommendations.

And when we speak of consolidation and the economy thereof let us remember that corporations in the United States doing a

business of one hundred and twenty billions in 1930 earned less than 1 per cent on the capital invested, and the record in 1931 and so far in 1932 is much worse. The overhead is hard to control.

The world was thrown out of joint by the World War. Ever since the armistice artificial respiration has been induced and we have tried to solve our difficulties by giving various kinds of shots in the arm to the sick patient.

We have had frequent but incomplete debt settlements. We have had a controlled money market. We have had conferences, and more conferences, and experiments. In December, 1930, a conference of the heads of the trade bodies was held at Washington. There was no use of it unless those who spoke were to give a true picture of their particular industry. In the light of later events it appears that most of those who spoke were, to say the least, not well informed. The conference was followed by private agreements not to reduce wages, on the theory that if labor costs were kept up commodity prices would soon be dragged up by the boot straps. Everyone was encouraged to believe that prices would rebound within a short time, but this did not work.

Again, we realize that central bank interest rates are manipulated throughout the world. So poorly have world finances been handled that Germany has had to establish an international barter clearing house. The Federal reserve banks buy Government bonds. The price goes up. Perhaps, whenever they stop buying, or when more bonds are issued, the price will come down. How far down? Is the question. Some think there is a world-wide necessity for credit inflation. To what extent is it necessary and when will our leaders stop inflating it?

Again, when the Interstate Commerce Commission grants to a railroad the right to issue bonds, should a banker be condemned for having bad judgment if he thinks the proceeds are to be used for railroad purposes? In 1928 such a privilege was granted to the Wabash Railroad. Sixty millions of bonds were issued. The proceeds, I am informed, were used to buy Lehigh Valley and Ann Arbor Railroad stocks. The road is now in receivership.

Likewise in 1928 and 1930 the Interstate Commerce Commission authorized the St. Louis & San Francisco Railroad to issue bonds. In 1932 they say to the same road, "You must reorganize your finances." Meaning, of course, that they must default interest on bonds issued in 1928 and 1930. Many other railroad bonds similarly authorized by the Interstate Commerce Commission are now quoted at receivership prices.

Should a mere banker be censured if he failed to visualize the Interstate Commerce Commission with their "tongue in their cheek"? Frankly, it would seem that somehow those in authority work like the census taker who somehow found the death rate in a certain town was 11.7. On being asked what that meant, he said he did not know unless 11 were dead and 7 were at the point of death.

At some time B. C. there were three wise men in the East—but that was B. C.

In 1931 President Hoover announced a moratorium on foreign governmental debts beginning July 1 and lasting one year. Concerning this, Sir Henry Strakosh, the English economist, wrote as follows:

"A moratorium has been aptly described as 'insolvency for future delivery.' No debtor wants to be insolvent if he can help it, when delivery time comes, so he strains every nerve to realize assets and to curtail purchases in the intervening period; while creditors—bent upon creating liquid resources, in case the debtors should indeed become insolvent on the day of delivery—do likewise. The result is to double the pressure on realizations and so to accentuate the fall in prices and the lack of confidence it creates." If anyone doubts the logic of this statement, let him look back at what has happened since the moratorium was declared. Let him also look ahead and envision actual default in July, 1932.

In October, 1931, the National Credit Corporation was launched. Later, the Glass-Steagall bill and the Reconstruction Finance Corporation.

My friends, is it any wonder that people are confused and lack confidence? Is it any wonder that bankers everywhere have been unable to interpret movements correctly? And who is there that believes that centralized control of banks through branch banking would, or could, make the authorities any more expert in handling the morphine gun?

In all seriousness, I ask you if in your judgment we should, through the medium of branch banking, turn over our financial destiny to those who assume financial leadership, but who have themselves failed so miserably. Shall we not frankly admit that the idea of safety in "big-banking leadership in America" stands as a hopelessly exploded myth?

AS FOR RESULTS

There must, of course, be changes in banking law. One ought not criticize without offering some suggestion for a remedy. There should be a restriction on the number of charters that can be issued. The capital stock required should be increased so as to eliminate entirely the very small bank that can not profitably exist. I do not see why a code containing the fundamental principles of bank organization and management could not be gotten together, which would be universally adopted by the States in much the same manner as the negotiable instruments act was adopted, and in much the same manner in which the collection code is now being adopted. There are certain principles which are so fundamental that they could be included in such a code; and there would probably be very little difficulty in securing the adoption of the code in all States. If the same fundamental principles were the basic law of both the Federal and State banking depart-

ments, a uniformity could be had which would be of value in strengthening the unit system of banks.

Supervising agencies should be strengthened and enlarged so that complete examinations and honest and fearless bank direction could be applied.

However, there is no substitute for individual initiative. When folks point to the success of Canadian branch banks, I suggest that they go up to the lakes and follow along the American side and then return on the Canadian side. There is the same climate, the same natural resources, and about the same kind of people; but the difference in the growth and development of the two countries is startling. The strangulation that comes of branch bank control is at once apparent.

If you ask why the branch system has survived in Germany, the answer is found in the fact that since the reorganization of February 22, 1932, the Reich has supplied 90 per cent of the capital on one bank—70 per cent of the capital of a second bank—and 70 per cent of the capital of a third bank. The Reich controls the largest bank with the most extensive branch system. Of five most famous banks, only three remain; and the only banks in Germany which did stand up were the unit banks, which have not required Government assistance.

If you want to find out why they survived in France examine the French Government treasury figures showing that the Government absorbed the loss to French banks occasioned by England going off the gold standard.

And then go to Japan and you will find that the Japanese branch-banking system survived the war period of 1914 only to collapse in 1921 and later. Just another moratorium.

According to figures submitted by Senator Glass before the Banking and Currency Commission, the wealth of this Nation was \$376,000,000,000. The largest amount of gold we ever had was a little over five billion, or a ratio of something over 70 to 1. Five billion gold and three hundred and sixty-five billions of credit and property. In a period of three weeks in September and October, 1931, more than \$1,000,000,000 of gold was withdrawn from this country. There must have been a shrinkage inevitably of more than seventy billions of credit. Does it not seem to you that this shrinkage, coupled with vacillation in the control of the money market, must have had more to do with bank failures than did inept bank management? The New York Times of April 17, 1932, said—"Business property alone has shrunk in value in the last three years by \$100,000,000,000." We know that the shrinkage in the market value of stocks listed on the New York Exchange aggregates \$64,000,000,000.

Let me say to you that the advocates of branch banking are on their toes and are turning all of these "events and circumstances" to further their ends. So far the unit bankers have been singularly silent. Only a few have spoken.

HELPERS

Charlie Zimmerman, who prevented the adoption of the branch bank resolution at Cleveland in 1930, told the bankers at Williamsport that we would have an organization of unit bankers for our own protection. He also informed the legislative committee of the executive council, American Bankers' Association, that if the association was not willing to appoint a functional committee so that the voice of the unit banker could be heard (for the first time perhaps), then that voice and the medium for its expression will have to be heard through some other avenue. He also reminded the Banking and Currency Committee of the Senate concerning the promotional idea that activates many of the advocates of branch banking. His work on behalf of the unit banker has been outstanding. [Applause.]

Then there is Felix McWhirter, of Indianapolis, president of the State bank division, American Bankers' Association. He gave the executive council at White Sulphur Springs the true American gospel. Many of the unit bankers are like a friend of mine up in Sharon. A preacher asked him if he was not ready to put the devil out of his life. My friend said, "I'm not so sure, the way business is, whether or not I should take on any more enemies."

CONCLUSION

What we are going through to-day is not new. Fifty years ago Prof. William G. Sumner, a professor at Yale, had the following to say: "Extravagant governments, abuses of public credit, wasteful taxation, legislative monopolies and special privileges, juggling with currency, restrictions on trade, wasteful armaments on land and sea, and other follies in economy and statecraft are capable of wasting and nullifying all the gains of civilization." He might have added branch banking as another folly in economy and statecraft, but unfortunately the fallacy was not so well known at that time.

The Glass bill now has preferred status on the Senate Calendar, and its place it held in the House by the Steagall bank deposit guaranty bill. If we are to defeat this strangling, stultifying legislation we must be up and doing.

Let us get busy before we have saddled upon us the Prussian idea of "The state-czar, absolute master of persons and things, which is flourishing and spreading to fantastic perfection in Germany. The German Republic controls all the banks and the movements of capital. It dominates all of the great industrial and commercial enterprises. The new economic constitution suppresses all liberty. The state fixes the scale of wages and the salaries of those in private pursuits. The economic constitution has no author. Each isolated measure has been taken under a supposed necessity; but all of these measures converge toward an economic system controlled and closed as strictly as that of Russia.

The revolution evolves under our very eyes, while we continue to look for it in the future."

If unit bankers want to preserve their business and if this Nation of ours wants to have any semblance of individual liberty left, unified control of financial processes through a national system of branch banks must be prevented. The two agencies which can contribute most to that end are the unit bankers of America and the Constitution of the United States. [Applause.]

MAJORITY AND MINORITY STATEMENTS OF APPROPRIATIONS

Mr. JONES. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. JONES. It is customary for the chairman of the Committee on Appropriations, after Congress adjourns and within the time limit fixed for the printing of the RECORD, to file a statement regarding the appropriations for the session. I ask unanimous consent that I may have that privilege and also that the minority may have a similar privilege to file a statement.

Mr. McKELLAR. Mr. President, I have no objection, but I want to have the privilege of filing a statement on behalf of the minority.

Mr. JONES. Yes; I have made that a part of my request.

The VICE PRESIDENT. Is there objection to the request of the Senator from Washington as modified by the suggestion of the Senator from Tennessee? The Chair hears none, and it is so ordered.

DISARMAMENT

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the New York Times of July 3 entitled "New Phase in the Arms Parley Opens with Hoover's Proposal," written by Raymond Leslie Buell, research director Foreign Policy Association.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The article is as follows:

NEW PHASE IN THE ARMS PARLEY OPENS WITH HOOVER'S PROPOSAL—A DECISION ON A DEFINITE PLAN OF REDUCTION IS NOW ASKED OF THE CONFERENCE, WHICH HAS PASSED FIVE MONTHS IN FRUITLESS DEBATE

(By Raymond Leslie Buell, research director Foreign Policy Association)

One year after his famous proposal for a debt moratorium, President Hoover has again startled the world with a far-reaching and drastic proposal for armament reduction on land, sea, and in the air. He advocates (1) the abolition of "aggressive" weapons, such as tanks, poison gas, large mobile guns, and bombing planes; (2) the reduction of the treaty tonnage of battleships and submarines by one-third, and of cruisers, airplane carriers, and destroyers by one-fourth; (3) the reduction by one-third of the "defense components" of armies.

The plan states that an army has two functions: (a) The maintenance of internal order, (b) defense against foreign attack. Having a population of 65,000,000, Germany was allowed an army of 100,000 by the treaty of Versailles on the theory that this number was necessary to maintain internal order. The President proposes that every country take the German proportion as a basis for fixing the "police" component of its army and then reduce by one-third the remaining effectives, constituting the "defense" component.

WHAT THE PLAN MEANS

It is believed that the adoption of this plan would reduce the number of men under arms in Europe, excluding Russia, by half a million. Moreover, the plan would result in the scrapping of 350,000 tons of ships by the United States, 366,000 by Great Britain, and 267,000 by Japan, or a total of 983,000 tons in comparison with the 1,645,000 tons scrapped as a result of the Washington conference of 1921-22. President Hoover believes the adoption of his proposal as a whole would save the world from ten to fifteen billion dollars during the next 10 years.

From the political standpoint, the proposal has given the arms conference new hope of life; has tended to relieve the United States of responsibility should the conference eventually fail, and has postponed an immediate demand on the part of Europe for cancellation of the interallied debt.

Geneva—First stage

Before analyzing the plan in greater detail and discussing the prospect for its adoption, it may be of interest to review the history of the disarmament conference since its first meeting at Geneva on February 2.

The first stage of the conference ended on March 17, when an adjournment over Easter was taken. During this stage three main proposals for disarmament were made: (1) The Italian proposal for the abolition of aggressive weapons, (2) the Russian proposal for progressive disarmament, (3) the French proposal for an international police.

I. AGGRESSIVE WEAPONS

Signor Grandi pointed out that the treaty of Versailles had forbidden Germany to maintain "aggressive" weapons, such as tanks, heavy artillery, military airplanes, battleships, poison gas, and submarines. Should every government agree to abolish such weapons a great step toward reducing arms would be made. During the first stage of the conference 27 of the 60 represented countries supported either total abolition or the restriction of certain aggressive weapons.

Those who advocated this measure declared that these new weapons of war had destroyed the traditional superiority of defense and that their abolition would make the invasion of a foreign territory, protected by fortifications and machine guns, almost impossible. Such abolition would convert armies into instruments of "defense" in accordance with the spirit of the antiwar pact. Moreover, abolition would be a concrete step toward reduction which could be taken without the necessity of agreeing upon the relative strength of every army in the world; such abolition would make possible an immediate saving in expenditure. Finally, it would be a step toward giving Germany equality with France.

OPPOSING ARGUMENTS

Three arguments were, however, made against the abolition of aggressive weapons. The first was that such a step would put an end to the mechanization of armies and bring about a return to mass movements. The abolition of tanks and artillery would not diminish the tensivity of warfare, but merely produce a stalemate, making decisive victory impossible.

In the second place, the paper abolition of such weapons would not prohibit peace-time manufacture, if not in arsenals, at least in private factories. To remove this defect, some form of international supervision of the manufacture of arms and abandonment of industrial preparedness was necessary.

In the third place, it was objected that it was impossible to distinguish between an aggressive and defensive weapon. These arguments for and against aggressive weapons prevented progress being made on this question during the first phase of the conference.

II. PROGRESSIVE DISARMING

While the Italian plan aimed at attacking the problem of material, the Russian proposal for progressive disarmament was confined to man power. Thus M. Litvinov asked that States having armies larger than 200,000 reduce by 50 per cent; States with armies between 30,000 and 200,000 men reduce by a smaller percentage; while States having 30,000 men retain the status quo. This principle was aimed at securing "equality for all," but since its percentages were regarded as too drastic and since the plan ignored the differences between the great and small powers, it was not seriously considered.

III. AN INTERNATIONAL POLICE

The conference was startled on February 5 by a plan submitted by M. Tardieu, then French Premier, for the creation of an international police force. France believed, he said, in giving the league a real executive authority as an essential preliminary for disarmament. The present system of sanctions prescribed by Article XVI of the covenant was inadequate because of the difficulty in obtaining the necessary cooperation of States in times of emergency. If Europe could rely upon a league police force, it could consent to drastic disarmament.

Tardieu proposed the establishment of a small league army, to be supplemented in time of need by national contingents. Moreover, he would place "aggressive weapons" at the disposal of the league and organize an international civil air transport service. The purpose of this latter proposal was to meet the difficulty caused by the ease of converting a commercial into a military plane. If all the commercial aviation systems could be fused into a single international company, no one government could employ commercial planes for military purposes.

PLAN HELD PREMATURE

Although the plan of internationalizing civil aviation met with wide approval, even those who believed in the principle of international sanctions regarded the international police plan as premature. In fact, some observers were unkind enough to suggest that the Tardieu Government had advanced the plan in order to have a reason not to disarm. On June 20 the new Herriot Government announced that, for the time being, it had abandoned the idea of a league army.

Although the first stage of the conference did not arrive at any definite agreement, it was generally believed the conference would accept (1) the principle of budgetary limitation, (2) the abolition of poison gas, (3) the establishment of a permanent disarmament commission, (4) and possibly some method of internationalizing civil aviation in Europe.

The second stage

When the conference reconvened on April 11 Ambassador Gibson, head of the American delegation, accepted for the United States the idea of eliminating aggressive land weapons, such as tanks and heavy artillery. On April 15 Secretary Stimson arrived in Geneva and carried on conversations with the various delegations, including Prime Ministers Bruening, Tardieu, and MacDonald. Although at first the United States wished to limit the principle of aggressive weapons to armies, it finally agreed to the inclusion of navies.

In a resolution of April 22 the conference accepted the principle of "qualitative" disarmament, and instructed the special commissions to examine all armaments, whether naval, land, or air, with a view to selecting those weapons which are "aggressive" in

character. On May 1 Mr. Stimson left Geneva, having failed in his plan to hold a further discussion over reduction of armies with the German and French prime ministers, because of M. Tardieu's illness in Paris.

DIFFERENCES APPEAR

Although the military experts who shared in shaping the treaty of Versailles had little difficulty in determining what weapons should be prohibited to Germany, the expert commissions of the Geneva conference could reach no agreement despite a month's debate. On May 26 the naval commission presented a draft report exhibiting an insoluble difference over the battleship and the submarine. Eleven countries, including France, Germany, and Italy, expressed the belief that the battleship above a certain size was an aggressive weapon. The three leading naval powers—the United States, Great Britain, and Japan—took the opposite view; they did not wish to abolish the basis of their naval supremacy over France and Italy.

The same division occurred over the submarine. The small countries regarded the submarine as the best "defense" against the battleships of the great powers; the United States, Great Britain, and Argentina believed, however, that the submarine was an "aggressive weapon."

On June 6 the land commission made a report revealing similar differences. It declared that all artillery could be used either for offensive or defensive purposes.

DISAGREEMENT ON AVIATION

Finally, two days later, the air commission reported that the delegates could not agree that bombing planes were any more aggressive than other types. It followed that the only means of ending the bombing danger to civilian populations was to abolish all aviation, which no one would consider.

These reports demonstrated that there were no technical criteria by which aggressive could be separated from defensive weapons.

Confronted by this anticlimax, the conference began to despair. There were rumors that the European States wished an adjournment for a year, until after the reparations question had been settled, but that the American delegation opposed such adjournment for political reasons. Meanwhile the French elections had resulted in the establishment of a radical socialist government, headed by M. Herriot, one of the authors of the famous but ill-fated Geneva protocol of 1924.

En route to the Lausanne reparations conference, Prime Ministers Herriot and MacDonald stopped off at Geneva on June 13 to see what should be done about the arms conference. A few days later Mr. MacDonald returned from Lausanne to Geneva, where Anglo-French-American conversations were again held.

At this stage it seemed that the idea of abolishing aggressive weapons had been given up. The French apparently proposed that the conference adjourn after agreeing to reduce military expenditures by a figure to be decided upon later, while the British suggested that for a term of years governments should not replace most of the offensive weapons prohibited to Germany by the treaty of Versailles.

The United States, however, was unwilling for the conference to end with these meager results. The press reported on June 19 that Senator SWANSON, one of the delegates, had warned that Washington could not give up its hopes of obtaining a reduction in land armaments, especially when being asked to cancel the interallied debt. One report intimated that if the conference failed, Senator SWANSON would attack debt cancellation in the Senate upon his return. These dispatches brought forth a denial from Secretary Stimson that the debt question had been injected into the situation.

The Hoover plan

At 2 o'clock in the morning of June 22 the league secretariat hurriedly sent out a call for a meeting of the conference. At this meeting the United States presented Mr. Hoover's far-reaching plan for reduction of armies and navies, including the abolition of tanks, large artillery, and bombing planes, and the prohibition of all bombardment from the air.

Although a large number of smaller countries, as well as Italy, came to the support of the Hoover proposal, its acceptance will finally depend upon the attitude of the leading military powers, particularly France. Their attitude is affected not so much by the general reduction features of the Hoover plan as by the following special considerations: (1) The Hoover plan, while proposing a reduction in the armies and navies of other powers, would authorize increases for the United States, particularly in its Army; (2) the plan would severely reduce the present military superiority of France over Germany without giving France any assurances that an extremist government in Germany, once it obtained military equality, would not repudiate all reparations obligations, seize the Polish Corridor, and revive pre-war plans for expansion in central Europe.

I—AMERICAN FORCES

Under the Hoover plan the United States alone will be authorized to carry on new naval construction—in the case of cruisers and aircraft carriers. Moreover, under the Hoover scheme of estimating "police components" the United States, having a population about twice that of Germany, would be authorized to increase its Regular Army from 140,000 to about 200,000 men.

Our Regular Army is already supplemented by a highly efficient National Guard having a strength of 187,000. Moreover the United States maintains 108,210 reserve officers, partly recruited through its Reserve Officers' Training Corps and summer camps. As this large number of officers indicates, the American Army is

not being trained primarily for defense against invasion. But it is scattered in small units all over the country so as to serve, along with our reserve officers, as a skeleton for six field armies of 4,000,000 drafted soldiers, which may be quickly mobilized and transported to Europe following the outbreak of war.

Although President Hoover, in submitting his plan to Geneva, declared that the antiwar pact means that arms must be used "solely for defense," he did not offer to reorganize the American Army so that it would become a purely defensive force. On the contrary, his plan would leave the national defense act of 1920 intact and would permit an increase in our regular Army to 200,000 men. Other countries are quick to point out that armies and navies are not based on any mathematical indexes of population and resources but upon "security" needs. If the United States, the one power in the world that is in no danger of invasion, proposes to increase its naval and military strength while at the same time urging other nations to reduce, the feeling of "insecurity" of countries actually surrounded by hostile neighbors will increase; and, confronted by the example of the United States, they will be less willing than ever to disarm.

An answer to this problem might be found along the lines which it is understood that the American delegation has suggested as a solution of Germany's demand for military equality with France. In return for the recognition of juridical equality, it is proposed that Germany make a unilateral declaration that it will not increase its army and navy for a given number of years. Similarly, the United States, while obtaining the treaty right to increase its Army and Navy for the sake of "parity," might give an undertaking that it would not exercise this right.

II—FRENCH SUPERIORITY

Inasmuch as Germany is already denied the right of maintaining aggressive weapons by the treaty of Versailles, the Hoover proposal to prohibit tanks, bombing planes, and heavy artillery would be a step toward abolishing French military superiority over Germany. Likewise, the Hoover proposal for the reduction of armies would have the same result, as it would reduce the French army from 615,000 to 435,000 men, not including colonial troops.

According to some observers, when the United States brings pressure upon France to surrender its present military supremacy, without undertaking at the same time to strengthen international organization, it is really joining Germany and Italy in asking France to surrender its political objectives in Europe. Such a program, it is urged, only arouses false hopes in Germany, thereby delaying Franco-German rapprochement, and tends to drive an indignant France into the arms of Japan. From this standpoint the Hoover disarmament proposal, unaccompanied by a political agreement, is regarded in France as an attempt by the United States to overturn the present balance of power in Europe.

A SUGGESTED COURSE

The one means by which President Hoover can answer this argument is by offering to strengthen international organization. The purpose of international organization is not to underwrite the present map of the world against change, but to guarantee that changes should not be made by force. It is only with the development of an international organization able to effect an equitable compromise between French and German interest that France can afford to renounce its military superiority.

Although the State Department announced on June 23 that the United States would not consider entering into a security pact with France under any circumstances, it is significant that the Republican platform adopted a week earlier at Chicago declared: "We favor enactment by Congress of a measure that will authorize our Government to call or participate in an international conference in case of any threat of nonfulfillment of Article II of the treaty of Paris."

According to many students, if President Hoover would announce his support of the Capper resolution authorizing the United States to impose economic sanctions against a state deemed to be an aggressor, the possibility that France and the other powers would accept the present disarmament proposal would be greatly increased.

WORLD WAR VETERAN'S ADJUSTED COMPENSATION

Mr. ROBINSON of Indiana. Mr. President, I ask unanimous consent to have inserted in the RECORD a petition in the nature of a resolution presented to me by a number of ex-service men with reference to adjusted compensation. I ask that the resolution may be referred to the Committee on Finance.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

JOINT RESOLUTION

To the Members of the Senate and House of Representatives of the United States, greetings:

We, the ex-service men of the United States, after serving our flag and country during the World War, returned to civil life feeling that we had accomplished our goal of preserving democracy within the borders of our country.

We were welcomed back as heroes and modestly found our places in industry and peaceful walks of life. For the first decade we toiled and provided for our families cheerfully in the belief that the Government which we defended would function properly

as a cooperative democracy for the good of the greatest number of our citizens.

Our rank and file has not asked for any favors or special privileges which would exclude other classes of citizens. But rather we have opposed all special privileges and class legislation. We have endeavored to remain nonpartisan at all times and exert our meager influence in favor of the majority of our citizens.

But in course of time, after a decade of patient endeavor, we found not only ourselves and families but all the great mass of our citizenry being discriminated against by special class legislation. We found ourselves and neighbors being denied our constitutional rights of life, liberty, and the pursuit of happiness by the indirect method of having the opportunity denied us to work in gainful occupations and provide life, liberty, and happiness for our families.

In our chagrin and despair we decided to exercise our constitutional right to petition our Congress for a redress of grievances. Our previous petitions have been ignored or denied, so we, the ex-service men of the United States, decided to come to the seat of our Government in person and in the name of human rights and in the interest of ourselves and all the loyal citizenry of this country, register a joint protest against the autocratic and unjust usurpation of power and privilege being granted to property rights and the utter neglect of the human element for human rights. We, the ex-service men of the United States, and the degraded citizenry of the United States hereby jointly protest against these intolerable conditions, and: Be it

Resolved, That we favor the expansion of our currency system in like manner as suggested in an amendment of the Federal home loan bank bill, H. R. 12280, which was adopted by the Senate July 11, 1932, except that we urge our Congress to reconsider the method of putting this new currency into circulation.

We hereby urge and recommend in the same patriotic spirit which inspired us in 1917 and 1918, that the needy, unemployed, and disabled ex-service men of the United States be permitted and granted the permission to deposit their adjusted-compensation certificates with the Secretary of the Treasury as collateral for greenbacks at this time, and we promise our Government that we will be more patriotic than the bankers. We will not ask 3½ per cent interest, but will allow our Government to use our adjusted-compensation certificates gratis, without any interest, thereby saving our Treasury Department \$37,500,000 annually for the next 13 years.

Respectfully submitted.

EX-SERVICE MEN OF THE UNITED STATES.

John H. Balch, 6448 North Seeley, Chicago, Ill.; Paul W. Davis, 377 South Oakland Avenue, Sharon, Pa.; Buell S. Shaw, Parkerville, Kans.; Victor E. Johnson, Seward, Alaska; Walter W. Berg, 6515 Wisconsin Avenue, St. Louis, Mo.; T. W. Sabing, R. F. D. No. 1, Marshall, Tex.; M. B. Beck, 8313 Madison Street, Houston, Tex.; Fred L. Baker, Trinity, Tex.; Hugh L. Scott, 600 Rector, Little Rock, Ark.; H. Hayden, 4721 Bell Avenue, Houston, Tex.; Dr. Samuel Ward, 273 South Third Street, Louisville, Ky.; Christ. Tesdall, 504 East Washington Street, Morris, Ill.

EMPLOYEES ON ISTHMUS OF PANAMA

Mr. BLAINE. I ask that Senate Joint Resolution 201 defining annual leave of Panama Canal and Panama Railroad Co. employees on the Isthmus of Panama be referred to the committee to which was referred the joint resolution recently introduced by the Senator from Minnesota [Mr. SHIPSTEAD].

The VICE PRESIDENT. Without objection the joint resolution will be referred to the Committee on Territories and Insular Affairs.

Mr. BLAINE. I asked that it be referred to the committee which will have charge of the resolution introduced by the Senator from Minnesota, so they may be considered together.

The VICE PRESIDENT. That joint resolution was referred to the Committee on Appropriations. Without objection, the joint resolution of the Senator from Wisconsin will be likewise referred to the Committee on Appropriations.

PROHIBITION—CONSTITUTIONAL AMENDMENT

Mr. NORRIS. Mr. President, when I yielded the floor last night I was discussing holding companies. I want to continue a little farther with that subject.

Mr. LEWIS. Mr. President, before the Senator enters upon that discussion will he permit me an inquiry?

Mr. NORRIS. I yield.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LEWIS. Under the rule does the joint resolution introduced yesterday by the Senator from Virginia [Mr. GLASS], looking to the announcement of the repeal of the

eighteenth amendment, come up in automatic process under any of the rules previous to 2 o'clock to-day?

The VICE PRESIDENT. It does not.

Mr. LEWIS. It can not be called up under the rule?

The VICE PRESIDENT. The Senate recessed last night and consequently there is no morning hour to-day. It will come up during the first morning hour.

Mr. LEWIS. I appreciate the suggestion of the chair. I thank the Senator from Nebraska for his courtesy in yielding.

MERGER OF DISTRICT STREET RAILWAYS

The Senate resumed the consideration of the motion of the Senator from Vermont [Mr. AUSTIN] that the Senate proceed to the consideration of House Joint Resolution 154, to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes.

Mr. NORRIS. Mr. President, when the Senate recessed last night I was discussing the question of holding companies and had discussed that subject at some length. I desire this morning to continue the discussion briefly. I want to take up some holding companies which are operating right under the nose of the Congress, right here in the Capital City.

The city of Washington is supplied with electricity by the Potomac Electric Power Co., but the Potomac Electric Power Co. is only a subsidiary company. The parent company is the North American Co. It owns the Washington Railway & Electric Co., one of the street-railway companies of Washington. In turn the Washington Railway & Electric Co. owns the Potomac Electric Power Co. The father of this corporation is the North American Co. Its child, or one of its children, is the Washington Railway & Electric Co. The Potomac Electric Power Co. is a child of that child, being a grandchild of the North American Co. The Potomac Electric Power Co. develops electricity and distributes it in the District of Columbia. It sells electricity to its own father, the Washington Railway & Electric Co. The grandchild makes the electricity, sells it to the child, and the thing is all owned by the child's father, the North American Co. The grandchild sells to the child the electricity at a lower cost than it sells electricity to anybody else. In addition to selling electricity to the Washington Railway & Electric Co., it sells electricity to all the people of the city of Washington, but the Washington Railway & Electric Co., its own parent, is a preferred customer. It gets electricity for less than anybody else. It does not require a very deep study of mathematics to see that the people of Washington are paying more for their electricity than they ought to pay, because a very large portion of the electricity manufactured is sold to a preferred customer.

COST OF ELECTRICITY IN WASHINGTON CITY

I know it may be said that we are getting cheaper electricity in Washington, and if the price be compared with that charged for electricity by the Power Trust all over the United States, that is true; but it is a demonstration of what could be done if the Power Trust which generates and sells electricity all over the United States were compelled to sell to all people alike, to sell at a reasonable profit, and to get rid of these holding companies, these subsidiaries, these children and grandchildren and great-grandchildren and great-great-grandchildren, all owned by holding companies. The only thing that can be said—and I do not know whether it is favorable or not—is they keep the profits all in the family, and the general public is "the goat" that bears the burdens and makes it possible for these children and grandchildren to prefer members of their family and give them special rates.

Another instance of holding companies in the city of Washington has to do with the gas company which supplies gas to all the people of the District of Columbia and, I understand, to some outlying municipalities.

RESTITUTION OF EMPLOYEES OF DETROIT POST OFFICE

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Michigan.

Mr. COUZENS. On yesterday there was reported from the Committee on Claims House bill 5256, to relieve a number of the underpaid employees of the Detroit post office.

I ask unanimous consent that the bill may be considered at this time.

Mr. McKELLAR. Underpaid employees of what?

Mr. COUZENS. Of the Detroit post office. The bill is No. 1093 on the calendar, being House bill 5256. Of course it has passed the other House.

Mr. SMOOT. Is there a favorable report on it?

Mr. COUZENS. It comes from the committee of the Senate with a favorable report.

The VICE PRESIDENT. The Senator from Michigan asks unanimous consent for the present consideration of the bill the title of which will be stated.

The CHIEF CLERK. A bill (H. R. 5256) for the restitution of employees of the post office at Detroit, Mich.

Mr. ROBINSON of Arkansas. Mr. President, I think the Senator should explain the bill.

Mr. NORRIS. Well, Mr. President, I will not yield—

Mr. COUZENS. Will not the Senator yield just for a minute?

Mr. NORRIS. Very well; I yield, but if I yield once, there will probably be a dozen other requests.

Mr. COUZENS. There are only a few bills on the calendar.

It appears that an employee of the Detroit post office nearly six years ago embezzled some postage stamps in excess of the amount of his bond, which was \$10,000. The entire embezzlement, I think, was some \$19,000. The Government collected all the bond and some retirement funds the man had. He afterwards committed suicide, but, because of his defalcation, the Postmaster General at that time assessed the loss to some six or seven employees in the post office who, he said, should have been more alert and should have caught this man who was embezzling postage stamps. So he assessed them varying amounts.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. COUZENS. Certainly.

Mr. ROBINSON of Arkansas. Was the postmaster proceeding under the law to determine the liability of these employees?

Mr. COUZENS. I do not know whether he was proceeding under the law, but I know that he gave them the alternative of quitting or paying up, and in one case I think he gave an employee the alternative of taking a lower grade. One of them did take a lower grade rather than pay up, but the others paid up rather than lose their jobs. I do not know whether there is any statutory provision for that, but I do state, Mr. President, that he held a gun at their heads and said, "Come across and reimburse the Government or get out of your jobs." These men, of course, had families.

Mr. ROBINSON of Arkansas. What was the total amount of the embezzlement?

Mr. COUZENS. About \$19,000 all together, and the Government recovered between ten and eleven thousand dollars on the bond and from other funds.

Mr. KING. I hope the Senator will not ask for the consideration of the bill at this time.

The VICE PRESIDENT. The Senator from Utah objects.

Mr. COUZENS. I hope the Senator from Utah will withhold his objection. This measure has passed the House; it has been before us for five or six years. The Committee on Claims gave the matter very careful consideration. The subcommittee, consisting of the Senator from Massachusetts [Mr. COOLIDGE] and the Senator from Oregon [Mr. STEIWER] gave very careful consideration to it. I went over the papers, and it is simply doing an injustice to hold these employees out of the money which they paid some five or six years ago.

Mr. McKELLAR. Mr. President, I notice the Post Office Department does not recommend the passage of the bill.

Mr. COUZENS. It makes no recommendation. It says that it does not feel justified in making any recommendation; that it is up to Congress.

Mr. KING. I shall object to the consideration of the bill now.

The VICE PRESIDENT. The Senator from Utah objects.

RIGHT OF SENATOR HOLDING FLOOR TO YIELD—INTERPRETATION OF RULE

Mr. REED. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. REED. Does not the Senator from Nebraska lose the floor when he yields for a matter of that kind?

The VICE PRESIDENT. The Chair thinks not, when he yielded for that purpose.

Mr. NORRIS. I would not blame the Chair if he held that I did lose the floor. I want to be courteous, Mr. President, and Senators will understand that it is difficult to refuse them when they say that a request they desire to make will take only a minute. I realize that often it takes much more than that, but I dislike very much to refuse Senators on these important matters.

As the same time, I realize that if the rule were enforced I would not be allowed to do it. I do not want to do it, and I wish Senators would refrain until I have concluded from trying to secure the consideration of other bills unless in the case of some measure that must be acted on before we adjourn. I do not think I ought to be asked to yield. If the Senator from Pennsylvania had made his suggestion to begin with, I would not have yielded to a single one of these interruptions, but I think it would hardly be fair now to take me off the floor.

The VICE PRESIDENT. May the Chair state that under the circumstances he will not hold that the Senator from Nebraska has lost the floor? But the Chair would like to state that the rule specifically provides:

It shall not be in order to interrupt a Senator having the floor for the purpose of introducing any memorial, petition, report of a committee, resolution, or bill. It shall be the duty of the Chair to enforce this rule without any point of order hereunder being made by a Senator.

The Chair having neglected to protect the Senator, he deems he should hold he still has the floor, but the Chair will hereafter hold that a Senator may not be interrupted unless in a matter of very great importance.

Mr. REED. Mr. President, will the Senator from Nebraska yield for a question?

Mr. NORRIS. I yield for a question.

Mr. REED. Am I right in thinking that the Senator understands I did not mean to be unpleasant technically about this matter?

Mr. NORRIS. I understand; I am not finding fault with the Senator.

Mr. REED. But when the Senator yields to some Senators and not to others, I think that we ought to enforce the rule.

Mr. NORRIS. That is a difficult thing, and I do not blame the Senator at all.

The VICE PRESIDENT. The Senator from Nebraska has the floor.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, informed the Senate that Mr. Luce was appointed a manager on the part of the House, in place of Mr. Strong of Kansas, at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

The message also announced that the House had passed a joint resolution (H. J. Res. 475) making an appropriation for the payment of pages for the Senate and House of Representatives from July 16 to July 25, 1932, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 3276. An act to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926;

H. R. 11732. An act to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition

of land adjacent to Bolling Field, D. C., and for other purposes; and

H. R. 11897. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes.

MERGER OF DISTRICT STREET RAILWAYS

The Senate resumed consideration of the motion of the Senator from Vermont [Mr. Austin] that the Senate proceed to the consideration of House Joint Resolution 154 to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes.

Mr. NORRIS. Now, if I can get back to where I was at the time I yielded, I will proceed. I think I was about to refer to holding companies in connection with the gas company in the city of Washington.

Mr. BLAINE. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Wisconsin?

Mr. NORRIS. I yield for a question.

Mr. BLAINE. Does the Senator know that this baby of the North American Co. sells electric energy to the street-railway companies for about half a cent per kilowatt-hour, and then the other baby charges the consumers here in the District of Columbia a trifle over 4 cents per kilowatt-hour for electric energy?

Mr. NORRIS. Yes, Mr. President; I knew that fact. I do not know whether I have brought it out or not. If I have not done so, I thank the Senator for his interruption.

HOLDING COMPANIES

Mr. President, there has been a good deal of action taken, several hearings held, and some orders issued by the Public Utilities Commission of the District of Columbia in regard to the holding companies which own other companies that are supplying gas to the people of Washington.

The tortuous control of the Washington gas system by the Chase National Bank of New York is sketched as follows:

I am reading this from an article in the Washington Daily News.

The commission finds—

This is a quotation and is the finding of the commission; it is an official act; it is part of the official records of the commission of the District of Columbia:

The commission finds that the Chase National Bank is a corporation organized and existing under the laws of New York; that it controls the Chase-Harris-Forbes Corporation; that the Chase-Harris-Forbes Corporation, together with its affiliates, the United Founders Corporation and the American Founders Corporation, organized and control the Public Utility Holding Corporation of America; and that the Public Utility Holding Corporation owns 51 per cent and more of the stock and controls the Central Public Service Co.

The Central Public Service Co. owns and controls the Central Public Service Corporation, which controls the Southern Cities Public Service Corporation, the Public Service Engineering Co., the Safety Engineering & Management Co., the Utility Engineering Corporation, Federated Utilities (Inc.), and the Central Gas & Electric Corporation.

Federated Utilities (Inc.) controls, through a certain defaulted note for \$13,725,000, the Westfield Trust. The sole beneficiary of the Westfield Trust is Albert E. Peirce, president of the Central Public Service Co., Central Public Service Corporation, Federated Utilities, Southern Cities Public Service, and numerous other subsidiaries of Central Public Service.

I wonder if any ordinary person will be able to follow that maze of ownership and control of one corporation by another which in turn is controlled by another, and that by another, and so on, until the one at the top is found to control a great number of subsidiaries? But we have not as yet reached the end.

The Westfield Trust owns all of the 171,188 shares of beneficial interest of Washington & Suburban Cos., which owns directly 109,196 shares of the common stock of the Washington Gas Light Co., constituting 84 per cent of the total common stock of that company.

The Southern Cities Public Service Co., a 100 per cent owned and controlled subsidiary of Central Public Service, owns and controls 70,000 shares, constituting all of the preferred shares of Washington & Suburban Cos.

The Washington—

WASHINGTON GAS LIGHT CO.

I am not quoting from the report now, but from the article—

Washington Gas stock was divided between five banking concerns which in April, 1929, entered into an agreement with Central Public Service whereby the latter agreed within two years to "find a purchaser" for the shares of Seaboard Investment Trust, organized for the specific purpose of holding the gas stock. Seaboard's name was later changed to Washington & Suburban Cos.

This is how they purchase, often, some outlying corporations which supply gas to various localities. For instance, the purchase of the Alexandria, Va., and Hyattsville, Md., gas systems are described, together with the posting of 20,000 shares of Washington Gas Light stock in the Riggs National Bank here as security for a loan of \$1,000,000 for the Alexandria company. The meager information for the superstructure of holding companies is described as follows:

The said notes and preferred stock require \$810,000 per annum in fixed charges and the income of the Washington & Suburban Co. in dividends from all of its holdings does not exceed \$450,000, of which \$392,371.20 represents dividends from the Washington Gas Light Co.

There is no revenue available to the Westfield Trust for payment of interest on its outstanding obligations, including the \$6,000,000 collateral trust note, the \$945,650 Washington & Suburban Gas Co. note, and the \$13,725,000 note issued by Westfield Trust for funds received by A. E. Peirce. All of the obligations of the Westfield Trust are in default.

And here is a quotation from the report again. What I have been reading recently is also a quotation from the report:

All of the efforts at management by the Chase-Harris-Forbes Corporation and its affiliates and subsidiaries, including the Central Public Service Corporation, are detrimental and harmful to the Washington Gas Light Co. and increase the costs thereof.

This is still from the report, an official document:

None of the parties hereinbefore enumerated has ever assisted in the financing of the Washington Gas Light Co. The Chase-Harris-Forbes Corporation, through its agents, affiliates, and subsidiaries, has controlled the capital stock of the Washington Gas Light Co. in such a manner that the annual meeting of the stockholders of the said corporation has been successfully continued from January, 1931, and that the said meeting has not yet taken place. All of these exercises of direct management and control were without the consent and without the knowledge of the trustees of Washington & Suburban Cos., and were merely subject to pro forma ratification by the said trustees.

Mr. President, that is right within sight of the dome of the Capitol. Some of the gas comes into the Capitol. It goes into practically every home in the District of Columbia through this maze of corporations, one owning the other, often without the investment of a penny of money, all oiled, all paid for by the consumers of gas in the District of Columbia; and here is the official report of a commission organized under a law of Congress, calling attention to the fact that the people of this Capital City are at the mercy of these corporations.

No one, without months of study, can possibly trace the ownership from one corporation to the other by affiliates, by subsidiaries, by banking corporations, all oiled, all kept in running order by the consumer, as shown in this official report.

Such, Mr. President, is an example of holding companies in the Capital City of the United States.

Mr. President, the method in which holding companies control the necessities of life in the Capital City of Washington has attracted attention all over the country. Several years ago I made a study of the growth of the Washington Gas Light Co. I traced it from its birth, and the CONGRESSIONAL RECORD will show where I exposed that growth and showed that this company has grown out of almost nothing as far as investment is concerned. There was one time in its history when it had reached a capitalization of \$2,600,000, when the gas company issued certificates of indebtedness to its own stockholders for \$2,600,000, the exact amount of the capital stock outstanding. Every stockholder got a certificate of indebtedness, drawing 6 per cent interest, for an amount equal to the stock he held. He continued to draw dividends on his stock; he continued to draw 6 per cent on his certificate of indebtedness; and not one penny

was ever paid for any of these certificates of indebtedness. In other words, they issued notes amounting to \$2,600,000 to their own stockholders without getting a cent for them. Then, after several years, the board of directors took up these certificates of indebtedness and issued to the people who held them stock in the corporation equal to the face value of the certificates which the holder owned; thus, by that operation doubling the stock of the corporation without anybody's investing a single penny. Now, it has grown to such dimensions as I have shown by these various holding companies, covering and including a great many corporations outside of the District, headed by the Chase National Bank in the city of New York.

As I said, this has attracted some attention; and I have in my hand now a very able editorial printed in West Virginia, in the Wheeling Intelligencer, on May 17, 1932, in which, away out in West Virginia, the editorial writer very ably shows what a disgrace it is that in the Capital of the United States such things can go on unmolested and uninterfered with. They pay but little attention to the action of the Public Service Commission. They ignore the law which provides that the ownership of this corporation must always remain in the District of Columbia. They avoid it in one way and another. They defy the acts of Congress in carrying out the various schemes to rob the consumers of this necessary of life by charging them an exorbitant price, because they have no other income. That is the source of all their income.

I ask unanimous consent at this point to insert as a part of my remarks, without reading, the editorial to which I have referred.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the Wheeling (W. Va.) Intelligencer of May 17, 1932]

THE HOLDING COMPANY OUTRAGE

Elsewhere in this issue the Intelligencer presents a chart which tells graphically the story of the holding company outrage in the United States.

Starting with a few small gas and light concerns, we see this pyramid rise tier upon tier, each step representing new financing, new stock issues, new injections of water, new profits for the organizer, new millions of rate base for the consuming public to pay returns upon.

In this particular case the manipulators started out with three modest utilities—the Rosslyn Gas Light Co., the Georgetown Gas Light Co., of Montgomery County, and the Washington Gas Light Co., of Montgomery County. The first two were merged into the Georgetown Gas Light Co., and subsequently with the third formed the Washington Gas Light Co.

There the uninitiated might expect the process to stop. A compact holding company, controlling much of the gas and light business in the Washington area, had been established and was functioning. But the promoters were only starting. They had pocketed a fat profit from each consolidation, had arranged attractive service contracts, had puffed up the rate base in each instance, and were enjoying their experience immensely. Accordingly, they lumped the Alexandria Gas Co., the Washington Suburban Gas Co., the New York & Richmond Gas Co., put them together with the Washington Gas Light Co. and created the Washington and Suburban Companies. These, together with some six millions of collateral trust notes and other investments, found their way into ownership of the Westfield Trust Co.

Surely the time had come to call a halt. Westfield control had been established; the holding company idea had been developed to an extreme degree. But the financial manipulators were just getting warmed up. In rapid and bewildering succession we find control moving to Federal Utilities (Inc.), the Patuxent Gas Co., and the Central Gas & Electric Co. Then the whole, tossed in with the Utility Engineering Corporation, Safety Engineering & Management Co., Public Service Engineering Co., and Southern Cities Public Service Co., moving into the Central Public Service Corporation.

Even here the merging process was in but its early stages. Fifteen or twenty transactions had been completed. Unearned profits had been extracted from each. The investing public was being taken for a financial ride and the consuming public robbed systematically through artificially enlarged rate bases. But there still was big business ahead.

Further negotiations brought control into the Central Public Service Co., from where new expansions were undertaken, involving the United States & Overseas Corporation, and the Public Utilities Holding Corporation of America, which branched into the American Founders' Corporation, Chase-Harris-Forbes Corporation, the Harris-Forbes Trust Co., and the Harris Trust & Savings Bank. These led, in the final step, to the great Chase National Bank.

Of all the organizations represented in this financial maze, only eight at the bottom are operating companies, hence revenue producers. All of the others are holding companies of one type or another, except the three engineering companies, through which exorbitant and unnecessary charges were originally imposed for services.

How many millions in unearned profits were taken in the course of these various organizing steps, how much has been added to the gas and light bills of the people of Washington and vicinity because of fictitious values, how much has been lost by the purchasers of watered stock still are matters of speculation. That the public looting has reached tremendous proportions, however, is not to be doubted.

What is true of Washington Gas & Light control is true of almost every operating utility in the United States. The piling of holding company upon holding company, the imposition of ruinous charges for management, for financing, etc., the constant taking of unearned organizing profits, the imposition of higher and higher rates through the creation of fictitious "valuations" have reduced the utility situation to the point where one of but two solutions is possible:

Either this entire holding-company structure must be torn down and the financing profiteers driven out, or

The people of the United States must take over the utilities and operate them themselves.

MIDWEST UTILITIES CO.

Mr. NORRIS. Mr. President, a little further on holding companies. I want to take up now the Midwest Utilities Co., one that has recently failed, the Insull company. I had the data in my possession yesterday, but I could not get them when I was talking about Mr. Insull. I want to give you an idea of something of his companies.

When Mr. Insull sat at the top of the world, on the pyramid, and controlled States and attempted to control even the Senate of the United States by buying a seat here for one of his favorites, as I remember—and I am speaking from memory; I may be wrong—he was a member of the board of directors of 85 utility corporations. He was chairman of the board of directors, I think, of 50 or 60, probably more than that, and he was the president of the corporation itself in 11 of these instances.

The Midwest Utilities Co. had 12 principal subsidiary companies, and many of these subsidiary companies had other subsidiary companies, and those subsidiary companies had still other subsidiary companies. The Midwest Utilities Co. was the father, and from its various offspring from time to time there were born children, and they grew up, became big and monstrous, and had children of their own, until the Midwest Utilities Co. was a great-great-great-grandfather.

The principal 12 were the following:

The Central & Southwest Utilities Co. Now, let us stop right there. That is the first one. The Central & Southwest Utilities Co. had the following children: The American Public Service Co., the Central Power & Light Co., the Public Service Co. of Oklahoma, the Southwestern Gas & Electric Co., the Southwestern Securities Co., whose subsidiary is the Southwestern Light & Power Co.; so that the first subsidiary had five children of its own.

Let us keep right on there. The American Public Service Co., one of these grandchildren of the Midwest Utilities Co., had another subsidiary, the West Texas Utilities Co. That gets through with one of the subsidiaries.

The next one is the Central Illinois Public Service Co.

The third is the Central Power Co.

The fourth is the Commonwealth Light & Power Co., and the Commonwealth Light & Power Co. had one child of its own. The Commonwealth Light & Power Co. had one immediate subsidiary company, the Inland Power & Light Co.; but the Inland Power & Light Co. was not childless itself. It was a married man, and it had some children of its own. The Inland Power & Light Co. had six children. One was the Arkansas-Missouri Power Co. Another child was the Kansas Power Co. Another child was the Michigan Public Service Co. Another child was the Missouri Edison Co. Another child was the Missouri Public Service Co., and still another was the Dalhart Public Service Co. Of these great-great-grandchildren, one of them, the Arkansas-Missouri Power Co., owned the East Missouri Power Co.

We have hardly started in this enumeration of the children and the grandchildren. We have gotten down now to the fifth generation, and they are still having children.

Mr. LEWIS. Legitimate issue?

Mr. NORRIS. The Senator asks if they were legitimate. I do not think the father to begin with was legitimate. They started with an illegitimate parentage.

There is no excuse whatever for these corporations owned and owned and owned down the line. What would some one getting electricity, let us say, from the East Missouri Power Co. do if he wanted to find out who really owned the company? He would go, first, to the Arkansas & Missouri Power Co., and from the Arkansas & Missouri Power Co. to another corporation, and then go on to another one, and then he would have reached the Commonwealth Light & Power Co., and that is the child of the Midwest Utilities Co.; so you are back to the beginning.

Let us read some more of these. These are the direct subsidiaries, the children of the first generation, of the Midwest Utilities Co.; the Illinois Northern Utilities Co. It is important to remember the names, because one word may make all the difference in the world in the corporation. Another one is the Kansas Electric Power Co. Another one is the Kentucky Utilities Co.

Let us see about the Kentucky Utilities Co. The Kentucky Utilities Co. on December 31, 1930, had four children. I do not know whether there have been any born since or not.

Eighth comes the Michigan Gas & Electric Co., ninth the Missouri Gas & Electric Service Co., tenth the National Electric Power Co.; and the National Electric Power Co. has five children, first, the Michigan Electric Power Co., the National Public Service Corporation, the New England Public Service Co., the Ohio Electric Power Co., and the Penn Central Light & Power Co.

Some of these have children of their own. Of the subsidiaries, the National Public Service Corporation has three children. They are the Jersey Central Power & Light Co., the Municipal Service Co., and Seaboard Public Service Co.

That is not all. The Seaboard Public Service Co. is a full-grown institution and has children of its own. The Seaboard Public Service Co. has five children. They are as follows: The Eastern Shore Public Service Co., the Florida Power Corporation, the Georgia Power & Light Co., the Tidewater Power Co., and the Virginia Public Service Co.

I will go back again to the children of the first generation of the Midwest Utilities Co. I have called attention to 10 of them. The eleventh is the Northwest Utilities Co., and the twelfth is the United Public Service Co.

The New England Public Service Co., which is a child of the third or fourth generation, being a subsidiary of the National Electric Power Co., has some children of its own also. The subsidiary—the New England Public Service Co.—has five children, one of which is the National Light, Heat, & Power Co. We are a good ways from the parent now, but we are not as far as we will have to get if we trace it through. This New England Co., in the fifth generation, has five children, one of which is the National Light, Heat & Power Co., and it has one child, The Twin State Gas & Electric Co.

UNITED PUBLIC SERVICE CO.

The principal subsidiary, the United Public Service Co., has two children, and each of its children has, in turn, other children, the sub-sub-subsidiaries, the Kentucky Power Co. (Inc.), controlling the Kentucky Power & Light Co., and the United Public Utilities controlling 21 sub-sub-subsidiaries, as follows. Here we are away down in the fourth or fifth generation.

We find one of these corporations with 21 children—9 electric, 6 gas, and 6 ice and coal. They are as follows:

Alabama United Ice Co., Bradford & Gettysburg Electric Light & Power Co., Brookville & Lewisburg Lighting Co., The Buckeye Light & Power Co., Cap. F. Bourland Ice Co., Citizens Heat, Light & Power Co., The Eaton Lighting Co., Fort Smith Gas Co., Georgia United Ice Co., Greenville Electric Light & Power Co., Indiana Ohio Public Service Co., Knife River Coal Mining Co., Louisiana Ice & Coal Co., The Lynn Natural Gas Co., New Madison Lighting Co., North Dakota Power & Light Co., Northern Power & Light Co., The Peoples Service Co., Southern Gas Producing Co., Texas Ice & Refrigerating Co., and the Western Ohio Public Service Co.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LONG. As I understand it, after they get down to about the fifth generation, we find a litter.

Mr. NORRIS. With some of them.

Mr. LONG. Is the Senator familiar with the saying we get from the late Victor Hugo, that in a litter of wolves there is occasionally one dog born which is immediately devoured by the mother of the litter for fear the dog might eat up its brothers and sisters?

ACTIVITIES OF THE POWER TRUST

Mr. NORRIS. That reference makes me think of what the investigation of the Federal Trade Commission showed a year or two ago, on a subject which I was not discussing, but which is fresh in my mind. I discussed it at length a year or two ago in the Senate.

It was disclosed that in their desire to control the sentiment of the United States, and control everything from school district to White House, they undertook to buy a lot of newspapers, and did buy a lot of newspapers. They had traveling men on the road, buying newspapers, and by reason of these subsidiaries and these sub-subsidiaries, these traveling men going from different companies got mixed up, and in one case down in South Carolina, or in North Carolina, the traveling man representing one corporation, trying to buy a newspaper, came in competition with the children of his father. There were so many of them scattered around over the country that they did not have any more worlds to conquer, and they commenced to conquer themselves, they commenced to eat themselves up. They got into competition, these two men to whom I have referred, representing in reality the same outfit, bidding against each other to buy a newspaper. They always paid a great deal more than the newspapers were worth. Money was not an object, because it was not their money; it was the money of the little fellow who has an electric light; it was the money of the washerwoman; it was the money of the taxpayer who has an electric light on the street corner. It was their money. So it was a very easy matter to spend money. It was unlimited. It is like one corporation commencing to eat another, and starting at the tail, while the corporation it was eating would commence to eat the tail of the corporation that was eating it. There was no limit to it. I am wondering, Mr. President, how long the American people are going to stand for that kind of business.

TAX UPON USERS OF ELECTRICITY

The Senate passed a tax bill some time ago, and as that bill passed the Senate we put in an amendment, introduced by my colleague [Mr. HOWELL], levying a very light tax upon these big corporations which are generating electricity. It was the belief of the introducer, it was the theory of the Senate when it adopted the amendment, that the amount was so small that as a practical proposition it would be impossible for the power company to pass on the cost to the consumer, because in every case, among other things, they would have to get the consent of the commission in the State where they were located before they would be allowed to increase their rates.

It will be remembered that in that condition the bill went to conference, and when it came back from the conference committee that provision was stricken out, and in lieu of it was language providing for a direct tax upon the consumer of electricity. One of the things creditable about it was that there was no deception in it. On its face it was a tax upon every home in the United States which uses electricity; it was a tax upon the owner of every country store which uses electricity, a direct tax.

There was quite a contest over it. It never yet has been defended anywhere. Although it was viciously assailed on the floor of the Senate, it never was defended by the conferees.

In the course of the debate, when I had the floor, I was interrupted by the junior Senator from Indiana [Mr. ROBINSON], who said:

I want to observe, if the Senator from Nebraska will permit me, in connection with his suggestion as to the efficiency of the conferees on the part of the Senate, that I noted this morning in the

press a statement from Congressman CRISP, to whom was attributed the responsibility for placing the burden of the power tax on the consumers. I would like to read it for the benefit of the Senate, assuming, of course, that he is correctly reported.

Then he read:

"When the conferees reached the tax on the electricity item Senator Smoot stated that it was confiscatory and that it would bankrupt certain public-utility companies in Utah. A majority of the Senate conferees said the item was impossible. After discussion and in the nature of a compromise, I suggested a retail tax on electric energy."

That is the end of the newspaper quotation which the Senator from Indiana read. Then he said:

The interesting part of that statement, if the Senator from Nebraska will permit the further observation, is this line, and it comes from Mr. CRISP, according to the paper:

"A majority of the Senate conferees"—

That would be three—

"A majority of the Senate conferees said the item was impossible."

That was after a majority in this body had said that it was not only not impossible but that it was correctly and properly to be levied against the vendor. But a majority of the Senate conferees, three out of five, decided that a majority of the Senate was all wrong in the matter, and therefore they would just switch it around completely and add the burden of this tax to the already overburdened back of the taxpaying consumers of the country.

Those are the remarks of the Senator from Indiana [Mr. ROBINSON]. It will be noted that in the newspaper article from which he quoted, it was stated that it was said by the Senator from Utah [Mr. Smoot] that this tax as the Senate had it would bankrupt certain public-utility companies in Utah.

Mr. President, it will be interesting to take up some of the public utilities in Utah and see just how they are built up in their superstructure. It is interesting not only because it shows that the method which I have outlined as being followed in other localities in the United States is being practiced in Utah just the same but it is likewise interesting to show that those public-utility corporations in Utah were making more money than they ought to have been allowed to make, or to keep.

UTAH LIGHT & POWER CO.

Let us see something about the public-utility corporations in Utah. The Utah Light & Power Co. is one of them. Let us trace it just a little. It is the Power Trust representative in the State of Utah, or one of them.

The properties, or securities representing their control, that were eventually consolidated for operation as the Utah Power & Light Co. came into control of the Electric Bond & Share Co. about June or July, 1912, as the managing director of a syndicate consisting of Electric Bond & Share Co.; Charles Hayden, of Hayden, Stone & Co.; James Campbell, of St. Louis, Mo.; and Joseph R. Nutt, of Cleveland, Ohio. Let me see! That name sounds familiar. Who is Joseph R. Nutt? Why, Mr. President, he is the treasurer of the Republican National Committee, having for his principal job the reelection of Herbert Hoover as President of the United States. He was one of the syndicate, so the investigation before the Federal Trade Commission discloses.

The properties involved are in the States of Utah, Idaho, Colorado, and Wyoming. Electric Bond & Share Co., as the managing director of the syndicate, caused three new companies to be organized in 1912 and one in 1913. The companies were as follows:

POWER COMPANY ACTIVITIES IN UTAH

Utah Power & Light Co., organized to become an operating and subholding company, owning and operating, either directly or through its subsidiary, the Western Colorado Power Co., the properties controlled by the syndicate. The Utah Power & Light Co. was incorporated under the laws of the State of Maine. That is interesting—doing business in Utah and incorporated in Maine. It was incorporated on the 6th day of September, 1912, but did not begin to function as a going concern until December 6, 1912, on which date the first actual transfer of properties to it was completed. Between September 6 and December 6, 1912, the properties controlled by the syndicate were being used as the basis for financing two other companies, namely, Utah Power Co. and

Utah Securities Corporation. Notice the similarity in names, but not referring to the same corporation. Here is the Utah Power & Light Co. The one I am speaking of now, the Utah Power Co., is a different corporation, and the Utah Securities Corporation is still a different one.

Utah Power Co. was incorporated under the laws of the State of Maine on September 6, 1912, the same day on which the Utah Power & Light Co. was incorporated. The principal function performed by the Utah Power Co. was to serve as an intermediary through which properties and securities were transferred from the syndicate to the Utah Power & Light Co. and at prices in face values of securities far in excess of their cost to the Electric Bond & Share Co. as managing director of the syndicate.

Utah Power Co. was made a subsidiary of Utah Power & Light Co. Since the completion of the consolidation in 1912 the principal function of the Utah Power Co. has been to hold the contract under which Phoenix Utility Co.—there is another corporation coming in now—formerly the Phoenix Construction Co., an incorporated construction department of the Electric Bond & Share Co., another subsidiary from the same parentage exactly, has built and reconstructed properties of the Utah Power & Light Co. The Utah Power Co. has been relatively inactive since 1922.

Following the consolidation the Western Colorado Power Co. was organized as an operating company subsidiary to the Utah Power & Light Co. All properties in Colorado that were owned or controlled by Utah Power & Light Co. were transferred to the Western Colorado Power Co. for operation in 1913.

The Utah Securities Corporation was organized to act as a holding company controlling the Utah Power & Light Co. and its subsidiaries, the Utah Power Co. and the Western Colorado Power Co.

Utah Securities Corporation was incorporated under the laws of Virginia on September 10, 1912. It acquired control of Utah Power & Light Co. by 100 per cent common-stock ownership, except directors' qualifying shares, in 1912, and continued to control it by 100 per cent ownership until 1925, when the control was passed on intact to the Electric Power & Light Corporation, successor by reorganization to Utah Securities Corporation. Electric Power & Light Corporation still continues to control the Utah Power & Light Co. by 100 per cent ownership of the latter's common stock.

I now come to an outline of the steps in the consolidation. By the first step part of the properties and securities controlled by the syndicate were transferred to the Utah Power Co. These properties cost Electric Bond & Share Co. or the syndicate \$2,975,091.35. For them the Utah Power Co. issued to the Electric Bond & Share Co. securities to the amount of \$8,498,200, representing a pumping into the stock of water, pure water, to the extent of \$5,523,108.35 over their cash cost. That is one of the great power companies which it was said is going to be injured and killed unless this tax, the light tax the Senate put on, was taken off and put upon the already overburdened shoulders of the consumer.

The securities given by the Utah Power & Light Co. represented all the securities it had outstanding except 18 directors' qualifying shares, and consisted of 1-year 6 per cent gold notes, \$2,500,000; 10,000 shares of 7 per cent preferred stock, \$1,000,000; and 49,982 shares of \$100 par value common stock, \$4,998,200.

By the second step \$8,498,200 of securities issued by the Utah Power Co. to the Electric Bond & Share Co. were combined with other securities controlled by the syndicate to form a basket that was transferred on the next day, September 26, 1912, to Utah Securities Corporation. The total cash cost of the basket to the Electric Bond & Share Co. was \$4,950,000. In the transfer the basket was divided into two parts, the first part consisting of all securities in the basket except \$4,498,200 aggregate par value of Utah Power Co. common stock, and the second part consisting of \$4,498,200 par value of Utah Power common stock. For the first part of the basket Utah Securities Corporation paid \$4,950,000 in cash, representing the total cash cost of the basket, and for the second part Utah Securities Corporation issued \$27,499,000 aggregate par value of its common stock. Since

the \$4,950,000 paid in cash represented the total cash cost of the basket, the \$27,499,000 par value of common stock of Utah Securities Corporation was acquired by the Electric Bond & Share Co. (or the syndicate) without the expenditure of one cent. In other words, it was all water, \$27,499,000, and yet we are told on the floor of the Senate that the conferees met the Senator from Utah [Mr. Smoot], who said, "If you put a tax upon these corporations, it will ruin this great company in Utah."

To obtain the cash with which to pay \$4,950,000 for the basket and for further acquisitions, Utah Securities Co. pledged the securities included in the basket and pledged the securities to be obtained in the future under a collateral trust agreement as security for the issuance of \$25,000,000 of 6 per cent gold notes. Thus the cash with which to pay for the basket and for other purposes was obtained by the sale of bonds secured by the properties and securities contained in the basket and the pledge to add other securities to the collateral pledged as they were acquired.

Later, on October 31, 1912, an additional \$2,500,000 of 6 per cent notes and \$2,500,000 par value of common stock were issued by Utah Securities Corporation to the Electric Bond & Share Co. to be sold to obtain cash with which to pay for another basket of securities, making the total face value of 6 per cent notes outstanding \$27,500,000 and of common stock \$30,000,000, all issued to Electric Bond & Share Co. The cash price paid for this basket was its cost price to the Electric Bond & Share Co. Electric Bond & Share Co. found purchasers for the total of \$27,500,000 in notes and gave a like amount, \$27,500,000, par value of Utah Securities Corporation common stock to their purchasers.

This distribution of the common stock as a bonus left in the hands of the Electric Bond & Share Co. \$2,500,000 par value of common stock of Utah Securities Corporation, which was shared with other members of the syndicate as part payment for their risk and services as promoters of reorganization. Do not forget the syndicate. Do not forget that at the beginning of this explanation of what happened in Utah I named the syndicate.

The Electric Bond & Share Co. itself purchased \$3,220,000 face value of the notes. With them was received as a bonus \$3,220,000 par value of Utah Securities Corporation common stock. They also retained \$987,500 par value of the \$2,500,000, which was divided with other members of the syndicate. They also received \$201,900 in cash commissions for the sale of the 6 per cent notes, making their total promoters' profit in cash on the par value of the common stock \$4,409,400.

That illustrates, Mr. President, how these holding companies bleed the subordinate subsidiary companies. It shows they are charging a commission and they are getting cash for doing something for themselves in reality. They do something for themselves, charge a commission for it, and the poor consumer of electricity has to pay. But when we come with a proposition to tax these great corporations that are indulging in this kind of financial murder we are told that it can not be done without ruining some of these great corporations in Utah.

Now let us get a general survey of what happened in Utah. Let us see just how much water was put into this business; let us review it.

Mr. FLETCHER. Mr. President, will the Senator from Nebraska yield to me?

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Florida?

Mr. NORRIS. I yield to the Senator on condition that it be understood that I do not lose the floor and that the conference report which I understand the Senator desires now to have considered will not take up any material amount of time.

Mr. FLETCHER. I am authorized to submit a conference report, representing a unanimous agreement, signed by both the House and the Senate conferees on a very short bill having reference to loans for farmers in cultivating as well as producing crops.

Mr. KING. Mr. President, I think we had better defer the report.

The PRESIDENT pro tempore. Objection is made.

Mr. KING. We have a street railway merger bill pending, and I do not want that to be superseded.

Mr. FLETCHER. The report will occupy but a minute.

Mr. KING. It might consume more time. I think it will require some debate, and therefore I object.

Mr. NORRIS. Now let us review what happened with these companies which can not afford to pay a tax to the Federal Government.

At the end of the financing of the Utah Securities Corporation control of the properties and securities originally controlled by the syndicate had been transferred to Utah Securities Corporation. On December 6 the first transfer of these properties and securities to Utah Power & Light Co. occurred. On that date the physical properties of the Teluride Power Co., acquired by Utah Securities Corporation at receivership sale at a cost of \$6,480,708.32, were transferred to the Utah Power & Light Co. which wrote them on its fixed property account at \$22,100,000.

That is a nice bit of water pumped into this concern overnight. They bought the property for \$6,480,708.32, and the next day it was worth \$22,100,000; and that is one of the power corporations that can not afford to pay the tax the Senate proposed to levy upon it. This represented a write-up which means water of \$15,619,291.68. More than fifteen and one-half million dollars of water pumped into that capitalization overnight; and the poor people of Utah, Colorado, and the other States that are paying the bill have to stand it all. The corporations are converting water into gold by this process; and yet we are told that we must not tax them, because they can not stand it; and therefore we must levy the tax upon the poor consumer who is now paying the revenue on all of this water.

In the other case that I mentioned a while ago there was \$27,000,000 of water, now nearly \$16,000,000 is added to it out in Utah. I do not know whether in Utah, as I said a while ago, it is pure water; perhaps it is salt water; perhaps it is taken out of the Great Salt Lake, and that may be one of the reasons why the Great Salt Lake has been receding for the last several years and getting smaller and smaller all the time.

Subsequent acquisitions, including both properties acquired by purchase and properties constructed by Phoenix Utility Co., or its predecessor, the Phoenix Construction Co., which was the incorporated construction department of Electric Bond & Share Co., were similarly written up on the fixed capital account of the Utah Power & Light Co. at prices \$9,610,828.49 in excess of their cash cost to Utah Securities Corporation, making the total write up in fixed capital \$25,230,120.17.

That ought to buy a whole lot of water which the consumers have converted into gold and are now paying returns on; and yet we dare not tax these great concerns.

Not all assets acquired by the Utah Power & Light Co. at prices in excess of their cash cost to affiliated interests were of such a nature as to be chargeable to fixed capital account. Consequently not all of the inflation in its accounts was included in the \$25,230,120.17 of inflation in fixed capital. The total amount of inflation established was \$34,330,246.

Over \$34,000,000 of water, over \$34,000,000 of air converted into capital stock, converted into assets upon which the consumers of electricity in those Western States must pay a return through all eternity.

As of December 31, 1930, this total inflation of \$34,330,246 was equal to all of the book value of the common stock outstanding, amounting to \$30,000,000, all of which was owned by Electric Power & Light Corporation, and to \$4,330,246, or 16.8 per cent, of the total book value of the preferred stock outstanding. In previous years, when the total of the preferred stock outstanding was less, the percentage thereof represented by inflation was correspondingly greater.

The Electric Power & Light Corporation has no cash investment in the common stock of the Utah Power & Light Co. except accumulated earnings to the amount of \$4,979,474,

left in the business as a surplus. Yet it received—remember, it has no cash investment in the common stock of the Utah Light & Power Co. except those accumulated earnings of less than \$5,000,000—yet it received in cash dividends thereon \$6,150,000 from 1925 to 1930, inclusive. In other words, it got over \$1,220,000 more in dividends in five years than its entire investment in the property; it received \$6,150,000 in cash dividends on the \$30,000,000 of common stock, all of which was water when issued.

We must not tax a corporation like that! Oh, we must take the tax off that power concern and put it on the poor fellow in his humble home, upon the laborer, upon the small business man, scatter it over, and make the consumers pay it! They have been paying it for years; they are used to it. Add this additional burden to the one who is already overburdened, but, for God's sake, do not touch the corporation that is getting over \$6,000,000 out of an investment of nothing on earth but water!

In addition the Electric Bond & Share Co. received \$201,900 in cash commission on the sale of bonds of Utah Securities Corporation and fees in cash paid to Electric Bond & Share Co. and its incorporated construction department, Phoenix Utility Co., to the amount of \$2,974,029 from 1912 to 1930, inclusive. They received in dividends in five years \$6,150,000 without the investment of a single cent of cash and in addition got nearly \$3,000,000 in fees from 1912 to 1930.

These samples of financing are enough to show that if the Utah Co. were threatened with bankruptcy the draining off of money by its controlling interests would be responsible. But it appears that, even with this manipulation of the operating company for all the direct and indirect profits it can be made to produce, the Utah Co. has had big profits left.

In 1930 the power companies generally had a very good year, both their gross earnings and their net earnings increasing. The Utah Co. had a rate of return on its fixed capital which was something over 10 per cent. This comes from the report of the Federal Trade Commission. Its earnings for the last 11 months of 1931 and the first month of 1932 I find set forth in the *Electrical World* of May 28, 1932, on page 931. They appear under the heading: "Earnings of operating companies dropped but little in 1931-32." The Utah Co.'s gross earnings for this 12-month period ending January 31, 1932, are shown to have dropped only 5 per cent from the previous 12-month period, which covered nearly all of 1930 and the month of January, 1931. The net earnings show a decline of 9 per cent, from \$6,117,744 to \$5,555,986.

A footnote to the table in which these figures are given points out that "net earnings are gross earnings, less taxes, operating and maintenance expenses."

I wonder if the Senator from Utah will tell us where he finds in this any evidence of impending bankruptcy. Does this evidence tend to show that the great Utah Co. is so poor that it can not and could not have paid the light tax that was levied on it by the United States Senate? It looks as though the only real fear of the power barons controlling these Utah properties was that their own profit might be reduced. In other words, what they were struggling against was further curtailment of the million dollars a year or more they have been taking out of the Utah Co. in dividends on common stock, which is all water, and which never cost them a single cent.

Mr. LONG. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield to the Senator.

Mr. LONG. I was unavoidably called from the Chamber, but I am very anxious to get the statistics. How much was the common stock that they watered up? Did the Senator give the figures on that?

Mr. NORRIS. I did; yes. I can not point it out, but I think it was \$30,000,000, all water.

Mr. LONG. How much have they paid in dividends on that watered stock?

Mr. NORRIS. I gave that, Mr. President, but I should have to look back to get the figures.

Mr. LONG. Several millions of dollars?

Mr. NORRIS. Oh, yes; a great many millions of dollars.

Now, Mr. President, I want to give the Senate some evidence taken from official sources. I am going to read and comment on an extract from Exhibit 5164 of the power and gas utilities investigation before the Federal Trade Commission (Seventieth Congress, first session) as of June 15, 1932. This refers to the Utah Power & Light Co.—the same company that can not be taxed for fear of being driven into bankruptcy.

I have already given, from other sources, a history of this company, some of which is repeated here in this official report; so, since there is some repetition in it, probably I had better ask permission to insert in the RECORD this extract from the report. It bears out all of the facts that I have narrated to the Senate. It is an official document from the Federal Trade Commission, and it is from the evidence adduced there that I have already outlined to the Senate what actually happened.

I now ask unanimous consent to insert in the RECORD at this point the extract from the exhibit that I have indicated.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

[Extract from Exhibit 5164, power and gas utilities investigation, S. Res. 83, 70th Cong., 1st sess., June 15, 1932]

SUMMARY OF REPORT ON UTAH POWER & LIGHT CO.

COMPANIES DIRECTLY INVOLVED

Utah Power & Light Co. was organized and incorporated by Electric Bond & Share Co. as managing member of a syndicate under the laws of the State of Maine on September 6, 1912. It began to function as a going concern on December 6, 1912. During the latter part of 1912 and early in 1913 Electric Bond & Share Co. in the same capacity organized three other companies, namely: Utah Power Co., on September 6, 1912, in the State of Maine; Utah Securities Corporation, on September 10, 1912, in the State of Virginia; and the Western Colorado Power Co., on March 12, 1913, in the State of Colorado.

These companies were organized by Electric Bond & Share Co. for the purpose of consolidating various electric utilities in Utah, Idaho, Wyoming, and Colorado. Utah Securities Corporation was organized as a holding company to control Utah Power & Light Co., which in the final set-up at the end of the consolidation in turn controlled Utah Power Co. and the Western Colorado Power Co.

FINANCING UTAH SECURITIES CORPORATION AND UTAH POWER CO.

On September 25, 1912, Electric Bond & Share Co. received for the account of the above-mentioned syndicate \$8,498,200 in aggregate par value of the securities of Utah Power Co. in consideration for properties costing it \$2,975,091.35, or an excess of \$5,523,108.35. The \$8,498,200 in securities of Utah Power Co. consisted of \$2,500,000 in 1-year, 6 per cent notes, \$1,000,000 par value of 7 per cent preferred stock, and \$4,998,200 par value of common stock. The excess paid was equal to all of the common stock and more than half of the preferred stock issued.

On September 25, 1912, Electric Bond & Share Co., as managing member of this syndicate, through Harry M. Durning, intermediary, received for account of the syndicate \$27,499,000 aggregate par value of the common stock of the Utah Securities Corporation, the total consideration given being the aforesaid \$4,998,200 aggregate par value of the common stock of Utah Power Co. which Electric Bond & Share Co. had received as syndicate manager without cash cost. On September 25, 1912, the board of directors of Utah Securities Corporation authorized the placing of an arbitrary ledger value of \$1,000,000 on the \$4,998,200 par value of Utah Power Co.

On September 14, 1912, Utah Securities Corporation issued \$25,000,000 principal amount of its 10-year, 6 per cent notes to a syndicate headed by Electric Bond & Share Co., and on October 31, 1912, it issued to Electric Bond & Share Co., as managing member of a syndicate, an additional \$2,500,000 principal amount of its 10-year, 6 per cent notes and an additional \$2,500,000 par value of its common stock, making the total of notes issued to October 31, 1912, \$27,500,000, and of its common stock issued to that date, \$30,000,000. In the sale of the \$27,500,000 principal amount of notes, Electric Bond & Share Co. delivered to the purchasers as bonus a like amount (\$27,500,000) in par value of Utah Securities Corporation common stock. The remaining \$2,500,000 par value of Utah Securities Corporation common stock was "retained by Electric Bond & Share Co. in part payment for its risks and services." Electric Bond & Share Co. shared this \$2,500,000 of common stock with other members of the syndicate which handled the original issue of \$25,000,000 of notes on September 14, 1912. Electric Bond & Share Co. retained \$987,500 of this common stock as its share of the portion not distributed as bonus with the notes.

The total financial benefit to Electric Bond & Share Co. from this financing of Utah Securities Corporation was \$201,900 in

cash commissions and \$4,207,500 par value of common stock of Utah Securities Corporation.

On October 31, 1912, Utah Securities Corporation placed a total ledger value of \$1,101,000 on the \$30,000,000 aggregate par value of its common stock issued as a bonus to subscribers of its notes. In 1914 blocks of this Utah Securities Corporation common stock were sold to Sperling & Co., of London, England, at \$25 a share and to Harris, Forbes & Co. at \$19.25 per share.

FINANCING UTAH POWER & LIGHT CO.

In December, 1912, properties costing Utah Securities Corporation \$6,480,708.32 cash, i. e., \$6,460,000 at receivership sale on November 18, 1912, plus subsequent interest adjustments of \$20,708.32, were written on the books of Utah Power & Light Co. on December 6, 1912, at \$22,100,000, or at an excess amount over cash cost to Utah Securities Corporation of \$15,619,291.68.

Subsequent acquisitions of properties from or through Utah Securities Corporation, including both properties acquired by purchase and properties constructed by affiliated interests, were charged to the fixed capital account of Utah Power & Light Co. at amounts totaling \$9,610,828.49 more than their cost to Utah Securities Corporation. Thus the total inflation in the fixed capital account of Utah Power & Light Co. over cash cost of the properties to the Securities Corporation was \$25,230,120.17.

Not all assets acquired by Utah Power & Light Co. at prices in excess of their cash cost to affiliated interests were of such nature as to be chargeable to fixed capital account. Consequently not all of the inflation in its accounts was included in the \$25,230,120.17 of inflation in fixed capital. The total amount of inflation established is \$34,330,246.

As of December 31, 1930, this total inflation of \$34,330,246 was equal to all of the book value of common stock outstanding amounting to \$30,000,000 (all of which was owned by Electric Power & Light Corporation) and to \$4,330,246, or 16.8 per cent of the total book value of preferred stock outstanding. In previous years, when the total of preferred stock outstanding was less, the percentage thereof represented by inflation was correspondingly greater.

FEES PAID TO AFFILIATED INTERESTS

During the period of 18 years covered by the examination, namely, from 1913 to 1930, inclusive, Utah Power & Light Co. paid fees, etc., in cash to its affiliated interests as follows:

Construction fees paid to Phoenix Utility Co., 100 per cent Bond & Share, and charged to fixed-capital account of Utah Power & Light Co., amounted to \$780,766.16.

Engineering fees paid to Electric Bond & Share Co. and charged to fixed capital account of Utah Power & Light Co., amounted to \$316,211.96.

Supervision and service fees paid to Electric Bond & Share Co. and charged to operating expenses by Utah Power & Light Co. amounted to \$1,736,913.20.

Fees paid to Electric Bond & Share Co. for issuing obligations, and charged to bond discount and expense, or organization expense accounts, which were closed out to fixed-capital account, amounted to \$140,137.68.

The total amount for all fees paid during this 18-year period—1913 to 1930—was \$2,974,029.

During the period from January 1, 1920, to December 31, 1922, Utah Securities Corporation paid supervision fees to Electric Bond & Share Co. in behalf of Utah Power & Light Co. and its subsidiary, the Western Colorado Power Co., to the amount of \$397,322.85. The last two companies named likewise paid the same amount to Electric Bond & Share Co. for the same period, thus paying twice for the same service. Electric Bond & Share Co. carried this amount of \$397,322.85 in its accounts as "suspense accounts payable" and credited interest thereon through 1923 and 1924, until the total of the account on December 31, 1924, was \$440,564.81. On March 12, 1925, Electric Bond & Share Co. was finally "released" from its liability to refund this amount at the time Utah Securities Corporation was reorganized into Electric Power & Light Corporation.

DISCOUNTS, COMMISSIONS, AND PROFITS ON SALE OF SECURITIES

During 1914 and 1915 Utah Securities Corporation loaned cash to the amount of \$8,155,338.21 to Utah Power Co. with which to pay for construction performed by Phoenix Construction Co. When the completed properties were transferred to Utah Power & Light Co. the latter company took up the loans by issuing \$7,976,507.88 principal amount of 4 per cent notes at a price 82½ and \$1,660,120, principal amount of 5 per cent notes at 95, both payable on or before August 1, 1922. The total discount amounted to \$1,481,289.67. This discount was charged by Utah Power & Light Co. to its fixed capital account.

From 1917 to 1925 Utah Power & Light Co. paid Utah Securities Corporation a total of \$831,200 in commissions ranging from \$7 to \$10 per share for "finding" a purchaser for 89,200 shares of Utah Power & Light Co.'s preferred stock. The purchaser "found" in every case was Electric Bond & Share Co. Access to records, which would show what profit was made on the sale of this preferred stock, was refused by Electric Bond & Share Co., this matter being involved in pending litigation.

By a readjustment in Utah Power & Light Co.'s capitalization made in 1913 at the instance of Utah Securities Corporation, the latter company surrendered \$4,500,000 face value of 6 per cent gold notes and \$2,837,000 par value of Utah Power & Light Co.'s common stock, and received in lieu thereof \$3,000,000 par value of 7 per cent preferred stock and \$4,331,000 par value of 6 per cent second preferred stock. The financial benefit to Utah Secu-

titles Corporation from this readjustment for the year 1913 was the difference between the interest on the 6 per cent notes surrendered and the dividends on 6 per cent and 7 per cent preferred stock received. This profit amounted to \$200,230 for the year 1913. Beginning with January 1, 1914, the dividend rate on the 6 per cent preferred stock was increased to 7 per cent, making the total profit to Utah Securities Corporation for 1914 and each succeeding year during which it continued to hold the preferred stock \$243,590.

In 1927 all common and preferred stock of Utah Power & Light Co. was changed from par to no par stock. When this change was made Electric Power & Light Corporation owned \$1,000,000 par value (10,000 shares) of 7 per cent preferred stock of Utah Power & Light Co. This \$1,000,000 par value of the old stock was exchanged for 10,000 shares of \$6 no par preferred stock of Utah Power & Light Co. and \$166,666.66 in cash. Electric Power & Light Corporation then sold these 10,000 shares of no par preferred stock through Electric Bond & Share Co. at prices netting 94½%. By this transaction Electric Power & Light Corporation made a cash profit of \$111,666.66 and Electric Bond & Share Co. benefited by \$20,000, representing its commission of \$2 per share on the sale.

Prior to the year 1925 no dividends were paid by Utah Power & Light Co. on its \$30,000,000 of common stock outstanding. All of this common stock was held by Utah Securities Corporation or its successor, Electric Power & Light Corporation, at no cash cost. During the years 1925 to 1930, inclusive, Utah Power & Light Co. has paid the Electric Power & Light Corporation \$6,150,000 common-stock dividends in cash.

From 1912 to 1930 the total capitalization of Utah Power & Light Co., consisting of stock and bond issues and surplus, increased from \$33,296,338 to \$103,038,597 in ledger value. Of this amount \$3,400,000 plus was water. From 1913, the first full year of operation, to 1930, its annual operating revenue increased from \$1,377,078.75 for 1913 to \$10,639,302.80 for 1930.

ELECTRIC BOND & SHARE CO.

Mr. NORRIS. The Electric Power & Light Corporation's offices are those of the Electric Bond & Share Co. They are separate corporations, but as a matter of fact I do not know which owns which; but they own each other. There is not any doubt about that. The Electric Power & Light Corporation has no office. It has no personnel of its own. They are all provided by the Electric Bond & Share Co. They all office together. It is the same concern under different names.

I want to give to the Senate an idea of the wonderful scope of the Electric Bond & Share Co., this great parent corporation in Wall Street, New York.

The Electric Bond & Share Co. in one form or another, through its subsidiaries, either controlled 100 per cent or partially controlled, so that it has complete control over all the transactions and operations of these subsidiaries, operates in the following States:

Washington, Oregon, Idaho, Montana, Colorado, Wyoming, Arizona, Nevada, Texas, Kansas, Nebraska, Minnesota, Missouri, Arkansas, Louisiana, Mississippi, Florida, Oklahoma, Tennessee, Pennsylvania, and Alabama.

The American Gas & Electric Co., closely affiliated, operates in Virginia, West Virginia, Ohio, Indiana, Michigan, and Tennessee.

The American Gas & Electric Co., through its various subsidiaries, has a total write-up, a total amount of water in its capitalization, of \$85,000,000.

Electric Bond & Share Co. interests drained millions of dollars out of their Utah utility properties in dividends, fees, and other charges, the Federal Trade Commission disclosed yesterday.

This is from the Washington Herald of June 16, 1932. That is what the evidence disclosed on the day before, June 15, 1932, and the evidence brought out that day showed—

Subholding companies collected \$6,150,000 in cash dividends in six years on Utah Power & Light Co. common stock that was pure "water" and cost the controlling interests nothing.

They collected a total of \$831,200 in commissions for "finding a buyer" for the company's securities, although the buyer in every instance was the parent Electric Bond & Share Co.

In other words, the Electric Bond & Share Co. charged the subsidiary for finding a buyer for its stock which it itself purchased. I hope Senators get that point. The mother company, acting as agent for the subsidiary, charged the subsidiary a commission for buying the securities of the subsidiary itself!

Since management, engineering, and other fees were introduced many years ago they have brought in \$2,973,000 more. Commission records show these fees are more than half profit.

Management fees were collected double through three years from the Utah Co. and from the subholding company above it, it was testified. The debt to the Utah Co. resulting from this overcharge was mingled with other transactions in a later reorganization, and Bond & Share counsel contended it was thus paid.

Inflation of capital in the Utah Co. was put at \$34,330,000—

As I have already shown.

Mr. President, as showing just what the commission developed on that day, I ask unanimous consent to include in the RECORD at this point an article from the Washington Daily News of June 16, 1932, entitled "Utah Power Firm's Big Profits Bared by United States Commission."

The PRESIDENT pro tempore. Without objection, it is so ordered.

The article is as follows:

[From the Washington Daily News of Thursday, June 16, 1932]

UTAH POWER FIRM'S BIG PROFITS BARED BY UNITED STATES COMMISSION—FIRM FOR WHICH SMOOT SPONSORED ELECTRICITY TAX ON CONSUMERS MAKES HUGE RETURN

Utah Power & Light Co., for whose benefit Senator SMOOT, of Utah, successfully demanded that the electricity tax be carried in the new revenue bill be transferred from corporations to consumers, has been earning lucrative returns even on inflated values, the Federal Trade Commission disclosed to-day.

The commission disclosed that this company, organized by Electric Bond & Share in 1912, bought properties at a total cost of \$6,480,708 and immediately entered them on their books as being worth \$22,100,000. This was a write-up of about 240 per cent. As new properties were acquired other write-ups were added until they now total \$34,330,246, according to Trade Commission records.

WHAT INFLATION MEANT

This inflation, according to the records, was equal to all of the \$30,000,000 book value of common stock of the company outstanding in 1930, and to \$4,330,246 or 16.8 per cent of the total book value of preferred stock outstanding.

Two weeks ago Smoot told conferees on the tax bill that a tax on gross earnings of electric power companies "was confiscatory and would bankrupt certain public utility companies in Utah," according to a quotation inserted in the CONGRESSIONAL RECORD.

The Trade Commission reports, concerning Utah Power & Light, the one large company in Smoot's State, that generous returns on investment were made by the company in 1930, the last year covered by its investigation.

SHOWS BIG RETURN

The rate of return in that year was 6.7 per cent on fixed capital of the company. After deducting excess of ledger values of properties over cash cost, the rate of return was 9.75 per cent in 1930. After the further deduction of ledger value of intangibles, the rate of return was 10.10 per cent.

This generous rate of return was possible despite numerous large fees paid by Utah Power & Light to Electric Bond & Share and other subsidiaries of the main holding company for services, the record shows. For a time, the company was paying Electric Bond & Share twice for the same service—once directly and once through Utilities Securities Corporation.

From 1917 to 1925 Utah Power & Light Co. paid Utah Securities Corporation a total of \$831,000 in commissions ranging from \$7 to \$10 per share for "finding" a purchaser for 89,200 shares of Utah Power & Light preferred stock. The purchaser "found" in every case was Electric Bond & Share.

Mr. NORRIS. From the evidence before the commission, it was shown that stock watering and the like was found up in the subholding company, where it was perhaps of somewhat less concern to consumers, but of much more direct interest to investors. We must bear in mind that it is not only the consumer who is interested in the honest management of these great corporations dealing in a necessity of life, but the investor must be protected. Recent events have disclosed that hundreds and hundreds of millions of dollars have been lost by the honest investor being induced to part with his hard-earned cash for all kinds of securities that were floated upon the market by holding companies and otherwise.

The Electric Bond & Share Co., as managing member of a syndicate, started out on a program of organizing and financing new corporations in 1912 with certain Utah properties that had cost it \$2,975,000. These were turned over to a newly formed operating company, which issued against them securities totaling \$8,498,000. Of these securities, totaling \$8,498,000, approximately \$5,000,000 were turned over by the Electric Bond & Share Co. to a newly formed holding company; and against this \$5,000,000 of operating company securities the holding company issued \$27,499,000

of its own common stock. There was no other consideration involved. The financing thereafter became somewhat complicated, but the upshot of it was that out of the financing of the subholding company the Electric Bond & Share Co. got more than \$4,400,000 in cash and stock. This is shown in the summary of the Utah report, which says:

The total financial benefit to Electric Bond & Share Co. from this financing of Utah Securities Corporation (the subholding company) was \$201,900 in cash commissions and \$4,207,500 par value of common stock of Utah Securities Corporation.

That is just a short review of the evidence I have already put into the RECORD.

I ask permission at this point to insert in the RECORD an article from the Washington Daily News of June 17, 1932, entitled "Huge Profit Made by Utilities Group Is Bared by United States."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HUGE PROFIT MADE BY UTILITIES GROUP IS BARED BY UNITED STATES—RETURN OF 200 PER CENT ON CONSTRUCTION AND MANAGEMENT EXPENDITURES IS REVEALED

Utility companies in the Associated Gas & Electric group paid \$9,970,944 between 1924 and 1929 for construction and management services which cost their holding companies just \$3,397,204, the Federal Trade Commission disclosed to-day.

This was a profit of approximately 200 per cent on services rendered.

The Trade Commission has pointed out repeatedly during its utility investigation that utility holding companies have made a practice of transferring large sums of money as fees from the regulated operating companies to unregulated companies. This makes possible continuation of high consumer rates.

In the latest group under investigation, seven holding companies were receiving construction and management fees from the network of operating companies in the group.

In 1924 fees collected amounted to \$562,191, while the cost of rendering services was \$274,378. By 1929 the amount of fees collected had increased to \$3,773,563, while the cost of service was \$1,294,867.

These disclosures were made in the course of the investigation which the administration has attempted to halt in the name of economy. The Budget Bureau recommended last December that no funds be made available for this work, and President Hoover stressed this in his Budget message. The House refused to let the investigation be stopped and so has the Senate Appropriations Committee. The Senate will pass on the matter next week.

Mr. NORRIS. Mr. President, these investigations from time to time have called forth many protests from all over the country. The evidence disclosed by the Federal Trade Commission in its investigation has shocked the conscience of all honest men and women who are familiar with the disclosures. Nothing like it has ever occurred in the history of the United States.

I have in my hand an editorial from the Mansfield (Ohio) Journal, calling attention to some of the awful disclosures which have been made in this investigation. The title of the editorial is, "Once Again—'The Consumer Pays.'" At this point in my remarks I desire to include that editorial in full.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[The Mansfield (Ohio) Journal, June 7, 1932]

ONCE AGAIN—"THE CONSUMER PAYS"

The spectacle of a government hog-tied by selfish monopolistic interests rather than functioning in behalf of the public was witnessed yesterday afternoon in Washington during the final stages of enactment of the billion-dollar tax bill which it is now necessary to load upon the American people as a result of governmental profligacy, past and present.

By shrewd last-minute manipulation an item of 3 per cent tax on the consumption of electricity, originally voted by the Senate against the gross income of power companies, was changed in the Senate and House conference to provide for the tax being collected by power companies from consumers.

Under the routine of parliamentary procedure the protest raised against this action by the conferees was promptly overruled by Vice President Curtis, and in an appeal to the Senate it lost by the narrow margin of 41 to 33.

As handled this shifting of the tax on consumption of electricity from the power companies to the consumer is an example of clever manipulation of legislation in the interests of powerful special interests that it would be difficult to surpass. The intent was to assess the 3 per cent tax against the power companies marketing electricity and agreement on the item was in that form—left so

until the last possible minute so that efforts of those looking to the real interests of the public might be construed as an attempt to impede the passage of the bill, for which all machinery had been well greased.

It would have been colossal incompetence, however, on the part of lobbyists for the power interests to have permitted the item to stand in its original form—this added penalty for using electricity must be passed along to the consumers.

The pathetic impotence of the well-intentioned Senators who sponsored this item, intending it as a fair assessment against the income of power companies, is shown by the manner in which it was turned against them and made to increase the heavy toll already being paid to unbridled monopoly's supergovernment.

Sponsors of the item, joined by a number of Democrats and Republicans, assailed the action, denounced shifting the tax from power companies to consumers and contended the conferees had exceeded their authority—but all to no purpose—the power companies know how to do those things, and they do them.

The final vote in the Senate was 46 to 35, and while the individual explanations of its opponents will be awaited with interest it is entirely probable that the vote for its passage would have been considerably higher had it not been for the last-minute atrocity perpetrated upon it by the power interests.

Mr. NORRIS. Mr. President, I have another editorial, from the Galveston Daily News, of Galveston, Tex., entitled "How the Power Companies Were Saved \$60,000,000." I ask to have that printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Galveston Daily News, Galveston, Tex., June 11, 1932]

SHIFTING TAX—HOW THE POWER COMPANIES WERE SAVED \$60,000,000

Among the new taxes to be collected after June 21 is a 3 per cent levy on electrical energy for domestic or commercial use. This tax is to be collected by the vendor from the consumer and remitted by the vendor to the collector of internal revenue. It applies to publicly as well as privately owned power plants.

For example, a Galveston householder incurs a bill of \$10 for electric service. To that amount the local electric company adds a tax of 30 cents, payable with the bill itself. It is a sales tax which falls directly on the consumer. Companies selling electric energy merely function as tax collectors for the Government.

How this electric energy tax was switched from the producer to the consumer forms one of the most interesting and singular episodes in the checkered career of the tax bill. From the CONGRESSIONAL RECORD these facts are gleaned:

When the tax bill was being debated in the Senate a few days before its final passage, Senator HOWELL, of Nebraska, offered an amendment to levy upon energy sold by privately owned and operated electrical power companies "a tax equivalent to 3 per cent of the price for which so sold, payable from net income but not otherwise." In other words, he proposed to collect the tax from the producers. Senator HOWELL had offered the same amendment to the Finance Committee, but it had been rejected.

The usual lengthy debate ensued, in the course of which Senator SMOOR offered an amendment to impose a 5 per cent tax, collected by the vendor, upon electrical energy sold for domestic purposes. It was rejected, 45 to 40. Senator REED, of Pennsylvania, then offered an amendment identical with SMOOR's except that it proposed to tax energy sold for commercial as well as domestic purposes. It was rejected, 47 to 35. Both amendments sought to relieve the producer from taxation. After further debate the Howell amendment was put to a vote and carried, 61 to 19. Thus it was clearly indicated that the Senate desired the tax to be paid by the producer rather than the consumer.

After the bill emerged from conference committee, however, it was discovered that it provided for a 3 per cent tax on the consumer. When Senator HOWELL challenged the Senate conferees to explain the alteration they declined to do so. But the bill was then up for final passage, and supporters of the Howell amendment had no alternative but to accept the alteration or delay the entire bill. This was after President Hoover had made his personal appeal to balance the Budget. Rather than be put in the attitude of obstructing the Budget balancing process, a majority of the Senators voted for the bill. In other words, high-pressure tactics were used to force through a sales tax to which the Senate previously had registered its overwhelming opposition.

As a result of this secret juggling in conference, the \$60,000,000 it is estimated this tax will yield will come from the pockets of the people—3 cents on every dollar's worth of electricity used—instead of from the coffers of the power companies, which have felt the effects of the depression perhaps less than any other major industry. REED and SMOOR fought the power companies' fight in debate. SMOOR asserted that if the tax were collected from the consumers it would bankrupt every power company in Utah, though the Howell amendment plainly provided that the tax should come from net income. If no net income were earned, naturally no tax could be collected. But at no time was any proof produced to show that the power companies were actually unable to pay the tax. Had the power companies themselves pulled the strings the strategy which saved them \$60,000,000 a year couldn't have been more effectively handled.

It isn't often the public is victimized to the tune of \$60,000,000 by an operation which suggests nothing so much as the shell game formerly used to separate yokels from their money at county fairs.

Mr. NORRIS. Mr. President, there were a series of three articles, all of them short, written by M. L. Ramsay, of the Hearst Service, who has followed, perhaps as fully as anybody in this busy world can, the disclosures made from time to time in this wonderful investigation. These articles appeared in the New York American and other Hearst publications. The titles are, "Water Power Looters Face Crisis in Court Decision," "Inflation by Power Companies Declared Menace to Investors," and "Strict Federal Regulation Needed to Prevent Power Firm Inflation." I ask unanimous consent to have the articles printed at this point in my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

WATER POWER LOOTERS FACE CRISIS IN COURT DECISION—GOVERNMENT CALLED UPON TO PRESERVE SITES IN PUBLIC CONTROL, AS RIGHT TO INVESTIGATE PLANT'S COST IS UPHOLD IN CLARION RIVER CASE

By M. L. Ramsay, Universal Service correspondent

(This is the first of a series of three articles by M. L. Ramsay, a Washington correspondent for Universal Service and specialist on power, regarding the Government's recent court victory in the Clarion River case. The articles will discuss the effect of the victory upon ownership of power sites, consumers' rates, and protection of investors.)

WASHINGTON, June 17.—By a second overwhelming victory in the Clarion River Power Co. case, the Federal Government and the States have been brought face to face with a crisis in the looting of water-power resources, which has gone stealthily forward for 12 years.

Power Trust leases upon public hydroelectric sites are judicially proclaimed "a gratuity, a privilege from the sovereign."

They "can only be justified on the theory of the benefit to inure to the public."

In such forceful and all-inclusive language the District of Columbia Court of Appeals has summoned the Government to make restitution for a dozen years' neglect and inaction; to preserve the Nation's power sites in public ownership and control.

The court's notable opinion, written by Associate Justice Charles H. Robb, backs up another equally sweeping by Associate Justice Jesse C. Adkins, of the District Supreme Court.

Together, and beyond the fundamental question of ownership, they lay a broad and strong foundation for cheaper electricity for consumers; safety for investors.

DUTY IS PLAIN

Strict regulation of Power Trust plant investment is held the plain and inescapable duty of the Federal Power Commission. That duty is not to be delegated to Power Trust financiers. And the duty is pointed out expressly with a view to the preservation of ownership, the control of rates, and the safeguarding of the investor, as well as the consumer, from the menace of heavy losses lurking in inflation and manipulation.

The decisions uphold specifically the Government's right to investigate how much a power company spent to build a hydroelectric plant on the Clarion River in Pennsylvania, and then fix officially the amount of this investment.

The power company wanted to write its own ticket. The Government was merely to file the company's claim. If it doubted any items, it was to wait 50 years until the company's lease upon the waters of the United States and the State of Pennsylvania should have expired.

COURT TO ACT TARDILY

Then, if anyone wanted to be sure how much the company's plant cost, a Federal court was to try to find out.

Rejecting this contention and an alternative the company proposed, the appeals court said:

"In our view, such an interpretation of the statute is unreasonable, for during the 20 or 50 years the regulatory powers of the commission must be constantly exercised."

On this and other points the tribunal saw eye to eye with the lower court.

Although power company lawyers say the case will be carried up to the United States Supreme Court, attorneys generally think the decision will stand.

Hence the critical conflict shifts to the Federal Power Commission. There five commissioners are about to start deciding issues of power-plant investment, like the Clarion case, involving thus far a total of \$600,000,000.

AUTHORITY UNLIMITED

Most directly at stake is a difference of scores of millions, between Power Trust claims and proposed Government allowances.

The commission has unlimited authority over the 12-year accumulation of cases. Some are close to decision, which is understood to wait upon:

1. Confirmation or rejection by the Senate of the reappointment of Marcel Garsaud, of New Orleans, whose vote gives the conservative group in the commission a majority.

2. Adjournment of Congress, forestalling for months to come either effective protest or possible remedy, if the commissioners sanction inflation.

The commissioners' decisions will largely govern reasonableness of rates, soundness of securities and the continued public ownership—or the loss for all time—of leased power sites.

The issue of public ownership of the power sites underlies the issue of investment in this way. After fighting against all water-power regulation for 15 years, the power companies spent the decade from 1920 to 1930 in obstructing and evading it.

BLOCKED THE WAY

In this period they blocked completely the establishment of immediate reserves, and of machinery for future reserves, which would reduce the cost to the Government of recapturing plants and recovering sites. That was a long step toward permanent alienation of the resources.

Their alienation will be completed if recapture prices are made prohibitive. The power companies have submitted huge claims of investment which threaten this effect and thus far have thwarted every effort to root out the inflation.

Had the Government lost the Clarion case, the huge alleged investment would have been permitted to stand, making recapture virtually impossible.

The price of the recapture or purchase of the Clarion plant by Chief Accountant William V. King's figures, would be based upon an original cost of less than \$6,000,000. By the company's figures the base would be \$11,032,000, which, with additions through the years, probably would make the recapture price prohibitive.

WHAT ROOSEVELT SAID

Accordingly the company would keep its plant and with it the public's power site. The result would be the permanent vested rights which Theodore Roosevelt scornfully refused to confer in the James River case 23 years ago. His prophetic veto message said:

"To give this away, one of our greatest resources, without recompense, would be an act of folly.

"If we are guilty of this, our children will be forced to pay an annual return upon capitalization based upon the highest price which the traffic will bear.

"They will find themselves face to face with a powerful interest entrenched behind the doctrine of vested rights and strengthened by every defense which money can buy and the ingenuity of capable corporation lawyers can devise.

"Long before that time they may, and very probably will, become a consolidated interest, controlled from the great financial centers, dictating the terms on which the citizen can conduct his business and earn his livelihood, and not amenable to the wholesome check of public opinion."

(NOTE.—The second article of this series will record the conspicuous result of the court decision, which will enable the Government to work out of hydroelectric companies millions of dollars in inflation.)

INFLATION BY POWER COMPANIES DECLARED MENACE TO INVESTORS—COURT BATTLES BY UTILITIES TO AVOID INVESTIGATION INCREASE NEED FOR FEDERAL FUNDS FOR CARRYING ON PROBE

By M. L. Ramsay, Universal Service correspondent

WASHINGTON, June 18.—A conspicuous result of the Government's victory in the Clarion River case is to focus the whole issue of utility rate profiteering, vastly aggravated by the depression.

The court decision clinches the Federal Power Commission's authority to root out of hydroelectric company capital, scores of millions of dollars of inflation already revealed by Power Commission audits and the Federal Trade Commission investigation.

Upon this "water" consumers are forced to pay a return in rates. Against it securities have been issued and sold to investors.

MENACES INVESTOR

That the inflation of power company capital results directly in excessive rates, and menaces the investor as well, was made clear by the District Supreme Court in its Clarion decision.

This decision, now upheld on appeal, warned of "serious effects" of delay in establishing investment accurately. It continued:

"On the one hand it will have a tendency to cause the items to assume the nature of vested interests; on the other if these items, years hence, are finally eliminated from the capital, the value of plaintiff's securities will be suddenly and greatly lessened. And much more important—if items are erroneously retained in the capital accounts, the rates to be charged by the plaintiff during this long period will be higher than if they should be eliminated from the actual net investment at the present time."

RELATIONSHIP SEEN

The same inescapable relationship between cost or investment on the one hand, and rates and profits on the other, was seen by the appellate court:

"Under section 16 the United States is authorized to take over a project in time of war by paying compensation fixed by the commission 'upon the basis of a reasonable profit in time of peace.' Under the act reasonable profit depends upon original cost.

"Under sections 19 and 20 the commission is authorized to fix rates under the various conditions and circumstances recited in those sections, and the basis of these rates under the provisions of the act is the original cost of the project."

"COSTS" IN AUDIT

In the cost of the Clarion River plant auditors found items like these:

Four dozen neckties bought at a fashionable New York shop—\$144. Tips to porters, etc., \$95.

Expenses grand opening (of power plant), \$4,365.

Fee to controlling interests for persuading their construction company to build a plant for their power company, \$200,000.

Fee to same interests for persuading their utility company to buy their power company's output, \$300,000.

For persuading this utility company to guarantee the power company's bonds, \$200,000.

For interesting investors and expenses in connection with security issues, \$294,000.

TAKES SEVEN YEARS

Governmental effort to get the facts in this case has required thus far, seven years. Three audits were thwarted by failure of the company to furnish complete records.

In 1928 the power commission reported the facts to Congress with this comment:

"The book costs of this project are probably inflated by not less than \$4,000,000, and possibly by much more. * * * Further action is dependent upon securing means to prosecute such cases of apparently flagrant lack of compliance with the law."

But Congress was not permitted to see this report. The Niagara Falls Power Co., whose finances were similarly dissected, induced the commission to withdraw it and strike out all such disclosures.

Thereupon the House voted down a bill to supply the commission with auditors and lawyers, with one Representative declaring bluntly that two-thirds of the Members knew virtually nothing about what they were voting upon.

REFUGE IN COURTS

When the suppression of the report to Congress, and the Clarion case itself, were brought to light by Senate investigators two years later, prodding the power commission into action, the Clarion Co. took refuge in the courts.

Precisely the same fight is being made by the utilities against disclosures of rate secrets by other regulatory and investigative agencies.

Control of the Clarion plant, although not the responsibility for its original financing, rests with the Associated Gas & Electric Co.

This company has been contesting before the Public Service Commission and the courts of New Hampshire for two years an attempt to disclose and regulate the toll taken by companies higher up from rates paid by the consumers to operating companies.

It has just halted a similar investigation in New York by refusal to produce witnesses.

FUNDS REQUIRED

The associated system is under examination by the Federal Trade Commission in the general investigation of utilities. It will escape much of this inquiry, with the greatest of the Morgan combines and the Cities Service system, unless Congress provides funds.

The Budget estimates of President Hoover, who has vouched for the power companies' "glass pockets," failed to provide for the power investigation.

Meanwhile a rejuvenated utility commission in Wisconsin and a few elsewhere are working to bring rates down in some relation to the fall of other prices and to shrunken incomes.

Although holding companies have been hard hit, operating power companies have maintained their profits at predepression levels.

Power Commission and Trade Commission audits have shown that a large part of these profits is being paid out upon "water," and this "water" remains frozen in the capital of operating companies with which the consumer deals, even while the holding companies are scaling down their capitalization.

STRICT FEDERAL REGULATION NEEDED TO PREVENT POWER FIRM INFLATION—PROPAGANDA DIRECTED AGAINST CITY, STATE, AND FEDERAL DEVELOPMENT PROJECTS FAILS

(By M. L. Ramsay, Universal Service correspondent)

WASHINGTON, June 19.—Preventing a repetition of recent losses of hundreds of millions of dollars to investors in power securities, through strict Federal regulation, is one of the great possibilities held out by the Clarion River decisions.

Such regulation is generally regarded in Washington as inevitable, especially since these losses have occurred in a virtually "depression proof" industry.

Power company profits on the average are about as large as before the depression. "Not one of the major operating companies has omitted dividends so far," according to the Electrical World.

The flood of "water" that has been poured into them has been turned to gold by expanding sales of electricity to household users at top rates. Accordingly the investor who bought operating company securities has suffered only to a limited extent. The consumer has made good for him.

LOSSES LOCALIZED

Greatest losses to investors have been largely localized in the holding companies, supersensitive to small-profit fluctuations, and revealed by the Trade Commission as more flagrantly manipulated and "watered" than the operating companies.

The Clarion decisions would sustain, even with existing but unused legal machinery, regulation of security issues of operating water-power companies. It would thus embrace a substantial part of the financing upon which has been reared the superstructure of holding company financing.

With new legislation the same decisions would help to sustain direct regulation of holding company securities.

Many States have no control over utility security issues, and none regulates holding company securities. The Power Trust's supreme effort in this field has been directed against regulation by the Federal Government, which has an ample authority the States lack.

ORDER POSTPONED

Confronted with this relentless opposition, the Federal Power Commission has regulated securities only once. Then, acting with State authorities in the preliminary steps, it reduced proposed flotations for the Conowingo plant in Maryland by more than \$5,000,000.

Even here determination of the amount actually invested in the project remains incomplete after six years.

Just before the Coolidge Power Commission went out of office it adopted an order for a limited regulation of securities. At the first meeting of the Hoover commission, enforcement of this order was "indefinitely postponed."

It has remained postponed right down to date.

Two years later a "joker" which would have wiped out even the authority for securities regulation was found in a power commission reorganization bill. It was detected and removed.

PROPAGANDA FAILS

On all three cardinal issues of ownership of sites, consumers' rates, and securities, the importance of the Clarion decisions is enhanced by a collapse of the Power Trust propaganda to belittle water power's importance.

A thunder of this propaganda has dinned into the ears of the country for several years past the dogma that water power was out of date, "uneconomic." It had been outstripped by cheap production of power from coal and natural gas.

This propaganda was aimed directly at the city, State, and Federal development projects, commonly hydroelectric. By extension it grew into arguments that strict regulation of investment and safeguarding of public rights of recapture where the resources had been leased to the trust were a waste of money.

First the propaganda boomeranged against the industry when investors and bankers became doubtful about hydro plants.

USE REVEALED

Now a report by the industry and the Bureau of Mines discloses that the country's water power, only about 20 per cent developed, has supplied lately as much as 46 per cent of national power requirements, the largest proportion on record.

And the Electrical World, telling how power companies are weathering the depression, reveals that—

"Various economies of labor and operation have been introduced, notably the extensive use of hydro capacity on many properties * * *"

The Power Trust's "privilege from the sovereign," as the governmental grants to it were styled by the District Court of Appeals, is being exploited to the limit.

Mr. NORRIS. Mr. President, I now want to pass to another branch of the subject, to show the influence and the strength of the Power Trust, even coming up to the very verge of the court itself. They have not hesitated to penetrate any sanctum by any means, if they were able to influence anybody, from the private citizen clear to the top of the Government, and especially influence anyone occupying an official position.

There has been a great deal of litigation. I am going to call attention to only one case, and only briefly to that. I refer to the litigation now pending in the Federal courts in regard to the New River project, where the Power Trust is seeking to get a license to build a dam in that river, claiming that it is not subject under the law to the water power dam act passed by Congress, and that the Federal Power Commission—I am speaking of the Federal Power Commission and not the Federal Trade Commission, for the time being—has no jurisdiction.

A great deal was said in the newspapers some time ago about the concealing from the public of an answer filed by the commission. Incidentally, everybody knows, I think, that the commission is not any too friendly in its aspects to the people in the controversy it is having with this great power institution.

EMPLOYMENT OF MR. HUSTON THOMPSON

On account of public sentiment in the matter it was found advisable to, and they did, employ a very eminent attorney to represent the Federal Government, which in that case was the Federal Power Commission, in this litigation. Mr. Huston Thompson, a former member of the Federal Trade Commission, an attorney of national reputation, and of unquestioned ability and honesty, was retained.

Senators will remember that there was a great deal in the newspapers at the time to the effect that Mr. Thompson's

answer had been taken away from the files by a member of the bar representing the power company, that newspaper men went from Washington down to Lynchburg, where the clerk's office was located, and were unable to get a copy or to see the answer which had been filed, which Mr. Thompson had prepared and sent down there.

I have had some difficulty in getting that answer. I have had correspondence with several officials with regard to it. I finally wrote to Mr. Thompson himself and asked for a copy of the answer.

The power company was afraid to have the public see the allegations Mr. Thompson made in his answer. He prepared the answer and sent it down to the clerk. At the same time he sent a copy of the answer to the attorneys in the case, including Mr. Abbott, the local attorney at Lynchburg. Mr. Abbott immediately went to the clerk's office, and, being an attorney of record, of course, was allowed to take the answer from the files. He took it, although he had in his pocket at the time a copy of the answer sent to him by Mr. Thompson through the mail. When anybody went to see the answer, when newspapermen went all the way from Washington to get a copy of that answer from the records, they were told that the attorney had come to the office and gotten the answer.

They went to his office and he refused to give it to them. He kept it in his pocket, and it never saw the light of day until some time after, when there was a hearing before the judge on a motion which had been filed prior to the answer being filed, which gave them an ostensible reason for keeping the answer from the public, because the motion had, as a matter of fact, not yet been disposed of.

I want to read this letter from Mr. Thompson:

I am in receipt of your letter of recent date, together with the correspondence between you and the Federal Power Commission relative to your being allowed a copy of the answer that was tendered by me to the clerk of the United States district court at Lynchburg, Va., in the case of the Appalachian Electric Power Co. against George Otis Smith et al. The culmination of the correspondence on the part of the commission leaves it up to me or the Department of Justice as to the sending of the answer to you. In your letter you also asked me to advise you as to the publicity of the answer.

Permit me to say that since I have been connected with this case I have purposely refused all interviews with the press and have given out no publicity. I feel, however, that as the commission is the agent of Congress and as this document when it was tendered to the clerk of the United States district court was a public document, that it would not be proper for me to refuse to let you have the answer, nor would it be within my province to say what you shall do with it after you have received it. I am therefore forwarding a copy of the answer to you herewith.

I may say that I had written to the commission and asked them to send me a copy of the answer. They had a copy and they sent it to me, but they said in their letter that it was confidential and that I would not be allowed to use it. Without reading the answer, I sent it back and said I would not accept it on those conditions. That resulted in my writing Mr. Thompson, and the letter I am now reading is an answer to my letter to him.

I do not know that all of it would be interesting. The part I want to get to is as to what happened with the answer Mr. Thompson sent down to the clerk's office. I continue reading from Mr. Thompson's letter:

You have informed the commission and me that you have heard from many sources the facts that occurred with respect to the tendering of the answer, and you therefore request me to give you what information I have about it. The following are the circumstances:

On March 14, 1932, at Norfolk, Va., counsel for plaintiff and defendants appeared before Judge Luther Way, who entered an order upon the request of plaintiff requiring the defendants to file a motion to dismiss plaintiff's bill within a certain time and thereafter to tender their answer to the clerk of the United States district court. I objected to tendering answer before we had finished with the motion to dismiss, but counsel for plaintiff insisted on their right to see the answer regardless of the consideration of the motion. I filed the answer on April 27 with the clerk as required. I also sent copies to the several counsel for plaintiff, including Mr. Abbott, of Lynchburg, Va., and received acknowledgment from him that he had received his copy on the 27th.

On the 28th members of the press called me and asked for a copy of the answer. I refused their request, stating that I did not wish to appear in any way as encouraging publicity, but that the

document was a public document and that they could get a copy at Lynchburg. On the 29th I was informed by a Mr. Ramsey, a member of the press, that he had been to Lynchburg and asked the clerk for the answer. The clerk, according to Mr. Ramsey, informed him that he did not have the answer, the same being in the possession of Mr. Abbott, attorney for plaintiff; that Mr. Ramsey then went to Mr. Abbott and requested permission to see the answer; that the latter refused to permit him to see it, to state what was in it or whether he would return it to the clerk. Mr. Ramsey and other members of the press again requested a copy, and I declined for the aforesaid reasons.

On May 2 I was in the courtroom at Norfolk prepared to argue the right of certain parties to intervene in the case. Mr. Jackson, of counsel for plaintiff, asked me to take part in a conference in the judge's chambers, and I acquiesced. Counsel immediately began attacking the answer as scandalous. Judge Way was called out into the courtroom by the grand jury, which was assembled, and in his absence counsel attacked me on the ground that my purpose was that of seeking publicity. I refused to discuss the matter and left the room, being followed by counsel who begged me not to insist on the answer being filed as it would be very injurious to them at this time of depression.

After considering the matter during the lunch hour, I finally agreed that if counsel would make the motion to withdraw the answer pending the action on the motion to dismiss and right was reserved to me to renew my tender of the answer, if I thought it necessary after action on the motion to dismiss, that I would not oppose counsel's motion. Subsequently the matter was brought up in court, counsel made his motion, and I notified the court that I would not oppose it under the circumstances presented to me. The court then asked us to retire and draw the order. When the order was completed and signed by us and we started for the court room Mr. Abbott stepped up and drew the answer which I had filed from his pocket and handed it to me. Subsequently in the court room the court admonished Mr. Abbott not to do such a thing again. I was informed thereafter that the answer had never been returned to the clerk after Mr. Abbott had taken it from the clerk's office.

Mr. President, it is interesting to know just what there was in that answer that made this great power-trust corporation afraid to have publicity. Their own attorney went to the clerk's office, taking advantage of the fact that he was an attorney, and took away the answer and never returned it to the files of the court. I think probably this is the part of the answer which had a good deal to do with the taking away of the answer by the attorney for the power trust. I am reading just a part of the allegations, just a part of one paragraph of the answer:

That plaintiff at all times—

This is referring to the power company that is trying to get a very valuable power site for the building of a dam and going into court to prevent the Federal Government from having anything to say under the power act as to the cost or the kind of a dam or anything whatever to do with it, claiming that the act passed by Congress had no application to the particular case. The Government of the United States, through Mr. Huston Thompson, in its answer, said, among a great many other things, referring to the power company:

That plaintiff at all times has followed a system of "writing up" its investments in its projects. That in the past it has made an investment in all of its properties, of, to wit, \$72,621,455.20, being the total book value, and has issued and sold securities on said investment of \$139,039,648, being an increase of \$66,418,192.80 above the total book value, and has issued securities upon the basis of said "write-up"—

"Write-up," we must all remember, in common language means water pumped into the capitalization of the corporation—

has issued securities upon the basis of said "write up" and has sold a great part of said securities, based upon fictitious values of, to wit, many millions of dollars, to the public; that plaintiff sought to be relieved under section 23 of the said act of all restrictions on the part of the Federal Power Commission so that it might continue in its proposed project its practice of "writing up" over and above the actual investment as in its other projects, to wit, to the extent of many millions of dollars in securities, and of selling them to the public; and defendants aver that it was for this reason that plaintiff sought and now seeks to be relieved of the control by the Federal Power Commission over the construction, operation, and financing of its project.

That got into court. Mr. Huston Thompson, on behalf in reality of the people of the United States, in his official capacity has made this allegation in a suit now pending in court, and so afraid were the Power Trust and their attorney that the public would find out something about what Mr. Thompson had alleged that they took the paper from

the clerk's office and refused to let anybody see it—a public document filed with the clerk of the United States court taken away by the attorney for the Power Trust in order, as Mr. Thompson's letter said, to conceal from the public the allegations that had been made on behalf of the public for fear, as they said, in this time of depression it might injure them financially.

They are afraid of the truth. They dare not face the truth. They are adepts in covering up the truth and here is an illustration where they have gone into the very presence of the ermine of the judiciary in order to conceal the truth from the American public. They were afraid to let the newspaper people go into court and read a public document filed in a law suit. It might injure them. It would not injure them in the financial market if they had been honest. The reason they are afraid that it would injure them is because of the allegation that they were dishonest, that they were selling securities to the public the only value in which was water, that they were "writing up" overnight their capitalization by the millions and then selling the securities to the investing public.

That is the allegation which was made in that case in court, and so afraid were the Power Trust that the public would find it out that, in violation of all professional ethics, the attorney for the Power Trust took the papers away and kept them away so nobody could see them. If that had happened in my State before a justice of the peace the attorney who would do such a thing would have been disbarred from practice. It is unprofessional and unethical. But if a Power Trust attorney does it, it is bright, sharp practice and he can stand forth without any criticism. He was lightly tapped on the hand by the judge. The judge said, "Do not do that again." That was his punishment. This is only another example of the depths to which the Power Trust will stoop in trying to carry out its program of controlling the United States Government.

HOLDING COMPANIES VERSUS OPERATING COMPANIES

Mr. President, the investigation before the Federal Trade Commission will show that operating companies—an operating company is the company which makes the electricity and sells it—have been milked of very large sums in fees and charges of various sorts by contracts forced upon them by their controlling holding companies. In the case of the Electric Bond & Share Co. we are without complete information because certain books have been refused and the case for their production is still pending in court. I ought to say, by the way, that the Federal Trade Commission is in court now to try to get some of the books that some of the corporations have refused to permit their experts to examine.

But the commission was able to determine that on the fees charged to operating companies Electric Bond & Share Co. made as high as 105 per cent profit on the cost of doing the work, this in the face of the fact that its responsible officers had solemnly told the commission in a prior investigation that all of these services were rendered at actual cost. This was so reported to the Senate in the Senate Document 213, Sixty-ninth Congress, second session, page 75. They testified early in the hearings that when the holding companies like the Electric Bond & Share Co. did perform some service for an operating company, they charged nothing but the actual cost for the service. They testified to that and the Federal Trade Commission so reported. But further investigation developed that that testimony was not true, but that they made a profit as high as 105 per cent on some of the things they did for the operating companies. That means that the consumer of electricity had to pay that enormous profit of a corporation in reality charging itself a commission for something it did itself for itself. That is the reason why they have so many corporations. One can charge the other, and it in turn can charge the next one, and so on.

Operating companies have been charged by their holding group Federal income taxes. I am coming to something that I wish the people of the United States knew. I wish that Congress knew it because I doubt whether many of us are informed on the particular point. Operating companies

have been charged by their holding group Federal income taxes based on their total income, but such sums have not been paid to the Government because of the permission to file consolidated returns, enabling the holding company to consolidate a weak sister with a prosperous operating company. One may examine the books of the operating company and find that a certain amount is charged for income taxes to the Federal Government, but that goes to the holding company and they consume it. If there is any other operating company that has not made a profit upon which such a tax would be payable, they put them all together and keep the money, and the Federal Government goes without taxes. That is the way they operate it.

In some cases the amount so charged to the consumers of the operating company has been very large, although little or none of it has reached the Federal Treasury. In other words, the consumer pays the tax, but the Government does not get it. Somewhere along the line from one holding company to another it is gobbled up by a holding company. Here are two examples shown officially before the Federal Trade Commission.

Exhibit 4834, report of Examiner Roger E. Barnes on New England Power Association, in parts 31 and 32, at pages 632 and 633, contains this information; and this is the official record of the Federal Trade Commission from which I am going to quote:

The association charges the subsidiary companies an amount equal to the tax that would have been paid had an individual return been filed. It then files a consolidated return which is less in aggregate than the total of all the companies computed on the basis of individual returns. By this method the association collected more for taxes than it paid by the amount of \$304,633.64 in 1928, and \$72,337.72 in 1929.

That is going on right under the nose of Congress. Following that which I have just quoted is a table showing from which subsidiaries the aggregates are collected.

Exhibit 4868, part 33-34, page 777, shows that the North American Co. collected more from its subsidiaries for Federal income tax than it paid to the Government by the following amounts for the years shown: In 1927 the North American Holding Co. collected \$324,915.17 more in income taxes from its subsidiaries than it paid to the Government of the United States. I wonder if Senators get that point. In 1928, this same corporation collected \$675,000 more from its subsidiaries for income taxes than it paid to the Federal Government.

Mr. BORAH. Mr. President—

Mr. NORRIS. I yield.

Mr. BORAH. How could they do that except through the neglect of the Internal Revenue Bureau?

Mr. NORRIS. I think the Senator did not hear what I previously read, and I will read it again. This is the way it is done; this is an official quotation.

The association charges the subsidiary companies an amount equal to the taxes that would have been paid had an individual return been filed.

Mr. BORAH. Mr. President—

Mr. NORRIS. Let me finish reading this, and I think I shall make it plain.

It then files a consolidated return which is less in the aggregate than the total of all the companies computed on a basis of individual returns. By this method the association collected more for taxes than it paid.

Mr. BORAH. Would not its return to the Government be a false return?

Mr. NORRIS. I take it not, I will say to the Senator from Idaho. I think it is the fault of the law which permits them to file consolidated returns, but I doubt whether it is according to law when they collect a sum for taxes and keep it themselves. Whether it is legal; at least it is morally wrong. The consumers in a community are compelled to pay, and the holding company collects taxes as though that company were the only company, but over here in another State they have a company that has not prospered so well; they put them both together and they make a consolidated return to the Government, the subsidiary not making a return, and in that way they make these

profits. In other words, they do not hesitate to charge the consumers hundreds of thousands of dollars on account of taxes which they never pay; they keep the money; and that is where they get some of their profits.

When the Senator from Idaho interrupted me I was not through. I had given the figures as to this company for two years. I am now speaking of the North American Co. I gave its profits in 1927 and also in 1928 from this method of computing taxes. In 1929 this company collected \$275,000 more from the subsidiaries for taxes than it paid to the Federal Government. That is for three years of which we have a record. Combined in those three years, what does it mean? It means that this one company in this one instance has collected in three years \$1,274,915.17 more for taxes than it paid to the Federal Government for taxes.

I wonder if anybody would like to stop an investigation that is developing that kind of financial manipulation that is going on, every penny of which is paid for by the consumers of electricity by the charges levied upon them, while these poor corporations can not afford to pay the tax that the Senate proposed to levy upon them as taxes have been levied upon everybody else? They said, "Oh, no; we can not pay it." So the conferees were so kind to them as to bring in a conference report by which we took the tax off them and put it on the little fellow, who is not organized, who can not cry out, and who is so used to being pressed down to the ground that it is felt he will stand for it without complaint. These big fellows, these millionaires, these fellows who are turning water into gold by the millions, they can not pay the tax; it would not be right to tax them; they are exempt; they are too holy; we must not tax them. Tax the poor devil, tax the fellow that is ground down into the earth now by paying exorbitant taxes for this necessity of life.

Information is that already several holding companies have abolished service fees, put them at cost or lowered them, all to the benefit of the consumer and to the rates.

Mr. President, I have no doubt that is true; I have no doubt that many of these corporations, with this investigation going on, seeing what is in store for them, and what is ahead, have changed their practice in this regard. They paid hundreds of thousands of dollars, and used the people's pennies in doing so, to kill and to prevent the investigation, but as it goes on it is disclosing this highway robbery and it has had this effect. As stated, much of it has ceased because the light of day has commenced to penetrate into their activities; their sins are being told to the people of the country, and in the face of the sentiment it would create they can no longer keep up such a practice. So the investigation has paid for itself many times over in the money that it has saved the modest class of people in the United States in the way of electric-light rates.

In some instances original surpluses to the lure of investors have been shown to consist largely of "write-ups." I think I have covered that point.

In the case of the taking over by the Insull and North American group of the Studebaker group the admission obtained by the chief counsel from a responsible officer on the witness stand comes mighty near to showing direct violation of the antitrust laws in their efforts to control and divide territory and to suppress competition.

I wish everyone could read the testimony referred to in that statement. Mr. Healy, the able attorney who has been employed and who has had charge of this investigation, has shown in my judgment that these corporations are violating the antitrust laws. They divide the country up between them; they do as was done in Caesar's time, "divide Gaul into three parts."

One of the outstanding facts which appears as a result of the Federal Trade Commission's investigation of utilities, and which seems supported by general knowledge and information, is that the local operating companies and their moderate-salaried staffs have quite generally carried on well; that the operating companies, except in cases

where their superimposed holding companies have borrowed what they can not repay, are generally sound. This means that in the utility structure it is not the high-salaried absentee financiers and so-called general supervisory managers who have done the work, but that the low-salaried local men are the real performers. But this again leads to the inescapable conclusion that something is wrong in the utilities structure and that a remedy must be found for the system which has put upon the backs of these operating companies an unwarranted load of capital structure, of fees and charges of various sorts and even compelled them to part with their money on forced loans.

Recently, February 26, the financial editor of the *Electrical World*, leading paper of the electrical industry, suggested one possible alternative in centralization. This means nothing else in plain English than returning the local operating company to its independent position, permitting it to do its own work and carry its load and then to carry additional loads. Obviously the removal of these loads will be to the benefit of the rate payer, to the benefit of the operating company actually performing the service, and to the benefit of investors.

The service performed by the Federal Trade Commission disclosing the almost endless variety of schemes by which operating companies have been milked is of great value.

GREAT SERVICE OF FEDERAL TRADE COMMISSION

Mr. President, we do not fully comprehend the great service that the Federal Trade Commission has already rendered the people of the United States. I read not long ago a statement made by some one in behalf of the electric company that supplies Washington with electricity, comparing the present rates with the rates of some years ago. They have been very much reduced; but I venture the assertion here to-day, Mr. President, that if it had not been for those who have found fault, who at the risk of their reputations have proclaimed aloud that this great corporation was unduly milking the poor people of the District of Columbia by making them pay exorbitant rates; if we had not proclaimed that to the world; if there had been no investigation—and they fought the investigation every step of the way and tried to prevent it—if there had been nothing said, we would be paying in the city of Washington to-day 10 cents a kilowatt-hour for electricity, which was the rate when I first began to study this question. Those who have refused to follow the mandates and obey the will and the command of political leaders selected by Power Trust officials to carry out their will, to do their bidding; those who have had the courage to stand out and say "no," have been called bolsheviks and socialists and outcasts in society and in politics, but their work has brought to the people of the United States and to the capital city a saving of millions and millions of dollars in the rates they have been paying for electricity.

The service performed by the Federal Trade Commission, as I have said, has been very great. It is only too bad that this work by the Federal Trade Commission could not have been started three years earlier than it was at the time I introduced my original resolution of investigation. If it had been, I believe the investing public would have been saved literally hundreds of millions of dollars, and the crash that has come to all financial institutions would not have been what it has, as far as utilities, at least, are concerned.

Mr. LA FOLLETTE. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Wisconsin?

Mr. NORRIS. I yield to the Senator.

Mr. LA FOLLETTE. The Senator is making a very remarkable address. I therefore suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator yield for that purpose?

Mr. NORRIS. I do.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Jones	Reed
Austin	Davis	Kean	Robinson, Ark.
Bailey	Dickinson	Kendrick	Robinson, Ind.
Barbour	Fletcher	Keyes	Schall
Barkley	Frazier	King	Sheppard
Bingham	George	La Follette	Shipstead
Black	Glass	Lewis	Shortridge
Blaire	Glenn	Long	Smoot
Borah	Goldsborough	McGill	Steiner
Brookhart	Gore	McKellar	Stephens
Bulkeley	Hale	McNary	Thomas, Idaho
Bulow	Harrison	Metcalf	Townsend
Byrnes	Hastings	Moses	Trammell
Capper	Hatfield	Neely	Tydings
Cohen	Hayden	Norbeck	Vandenberg
Connally	Hebert	Norris	Wagner
Coolidge	Howell	Nye	Walcott
Costigan	Hull	Patterson	Watson
Couzens	Johnson	Pittman	White

The VICE PRESIDENT. Seventy-six Senators have answered to their names. A quorum is present. The Senator from Nebraska has the floor.

Mr. NORRIS. Mr. President, during the course of its investigation the Federal Trade Commission, under Senate Resolution 83, to date has made field examinations of the books and accounts and records of about 50 per cent of the public-utility companies coming under the resolution, and has had public hearings, and reported to the Senate on over 33 per cent of the public-utility companies coming under the resolution.

I think it important to consider that fact in connection with what I have already produced in the way of evidence and what I shall produce later on, because this investigation is not finished. Some of the books, documents, and papers have been withheld from the commission, and it has been necessary to go into court in order to have the matter determined. Cases are pending now and undetermined. It may be if the decisions of the courts are against the commission in some of these important investigations that it will be necessary before we finish the investigation to have additional authority conferred by Congress; and I want this taken into consideration, especially in relation to the so-called write-ups that I am soon going to take up, showing what has been developed up to date. Of course, we do know that only a part of it has been disclosed, and what is undisclosed no man now knows.

The Associated Gas & Electric Co.: Beginning June 14 and ending July 1, Examiner Charles Nodder, of the Federal Trade Commission, under questioning by Chief Counsel Robert E. Healy, has put into the public record a most amazing and complicated story of the transactions and practices of the Associated Gas & Electric Co. Into this company have been absorbed two groups which previously were of considerable size and importance, namely, the W. S. Barstow group and the J. G. White Engineering Co. group. At one time the White Co. stood high in its field. The two men who have been the directing geniuses of the complicated Associated Gas & Electric Co. group are H. C. Hopson and J. I. Mange, who control Associated Gas & Electric Properties, a Massachusetts voluntary association, which in turn controls the Associated Gas & Electric Co., with stated balance-sheet assets of nearly \$1,000,000,000. About 180 operating companies were in this group at the end of 1929, extending in groups from New England to Arizona, with an operating revenue for 1929 of nearly \$69,000,000, of which enough came through to the holding company to make the income of the Associated Gas & Electric Co. nearly \$49,000,000.

It is impossible in my limited time to do more than call attention to a few of the outstanding points.

Exhibit 5157, which is the second volume of Mr. Nodder's report, lists and describes 31 different stock and security issues between 1922 and 1931. Mr. Nodder says in his report:

The financial structure of the Associated Gas & Electric Co. has been of extreme complexity.

One reason for this, he says—

Is the physical character of the numerous securities issued; their complex, exchangeable, and convertible features, and con-

stant calling and substitution thereof by subsequent issues. This is further complicated by dividend payments on one class of stock made in another class of stock.

A little later he says:

Securities were issued from time to time without authority of the board, and to correct this situation the board on two occasions passed retroactive resolutions ratifying various issues made.

The total water pumped into the capital of this group was not as large as in some others, amounting in the aggregate to about \$20,000,000, which Mr. Nodder was able to demonstrate and which he says probably amounted to some larger figure, which it is impossible to trace through accurately. However, there are many other features, some of which are new and startling, so that the amount of actual inflation becomes comparatively a minor thing.

Prior to December 31, 1929, when the examiner closed his work on their books, the Associated Gas & Electric Co. had paid no Federal income taxes for the years 1926, 1927, 1928, and 1929, although it had accrued to itself from its subsidiaries by monthly accruals plus compound interest a sum amounting at that time to \$2,938,513.12. (Exhibit 5157, pp. 1061, 1063.)

By a series of intercompany transactions it finally assigned its managerial contracts to the J. G. White Management Corporation, which had cost the Associated Gas & Electric Co. nothing, for a consideration of \$8,000,000. (Exhibit 5157, p. 1087.) In other words, they got \$8,000,000 for nothing. They pulled it right out of the air.

All value which this assignment carried was based upon what, through its contracts, it could take out of the various operating utility companies.

At another time it received stock valued at \$5,100,000 for the assignment of a construction company. (Exhibit 5157, pp. 1093 and 1094.) Outside of certain equipment whatever value it had came from its ability to charge construction fees to the operating companies of the group.

A purchasing company was set up to do all the purchasing for the group. From this purchasing company the associated system received notes in the sum of \$3,700,000. The sole value for such payment which the purchasing company capitalized as "cost of contracts" was its right to make purchases for the companies of the system. (Exhibit 5157, pp. 1103 and 1104.) It set up a corporation to buy things for it, that is all.

A company for the sale of appliances in connection with the system was set up which took over the inventories of appliances of the various companies, so that the operating companies thereafter really acted as display agents and sales agents for the merchandising companies. For this privilege the merchandising company paid the associated system \$10,000,000. (Exhibit 5157, pp. 1110-1116.)

In other words, this corporation set up another corporation to buy something for it; and when it set up this corporation, it owned the stock—it was itself, in fact—and then it would buy something and turn it over to the other company and charge it a commission of several million dollars, and the transaction would be complete. In other words, it had bought something for itself, in reality, or had done some service for itself, in reality, and then charged itself a commission on what it had done. That is like pulling one's self over the fence by financial bootstraps if there ever was such a thing.

Besides this, H. C. Hopson, one of these two directing geniuses, set up a financial organization under the name "H. C. Hopson & Co.," at 61 Broadway, where the offices of the association are, and through it he has collected many fees for alleged financial services from the system.

In buying out the Barstow interests Mr. Nodder's report shows that for property having a ledger value of \$314,614.88 the system paid money in stocks of a total value of \$49,923,855.17. This is found beginning on page 535 of Exhibit 5156 and ending at page 548.

This is official information from the Federal Trade Commission. This particular company I am using as a sort of sample—and that is all, just a sample—this corporation set up to buy some other corporation. The report shows that

for property having a ledger value of \$314,614.88 the system paid \$49,923,855.17. That is financial ability. I think some of these fellows who are able to pluck millions out of the air like that ought to be appointed by Mr. Hoover to get away with the deficit, instead of bothering Congress about it.

WATER IN SECURITY VALUES

Mr. President, it would be interesting, I know, at least to the student, to have a general synopsis of the amount of water that has been pumped into security values shown by this investigation up to date. I have it not quite up to date. As I said a while ago, it is not complete—there is more to come—but I have a list in detail showing the so-called "write-ups." I do not like the term "write-up." It is rather a new name in financial phraseology, as I understand it. It is a polite name for "water." It is a polite name for "nothing." It is a polite name for thin air converted into value by a financial hocus-pocus, upon which the people of the country have to pay through all time dividends for the men who have made water into gold, and turned air into currency.

Mr. President, the investigation of the Federal Trade Commission so far has made a showing of companies putting water into capitalization, so-called "write-ups," as follows. We can get the information from Senate Document 92, volume 22, page 1199. The write-ups are as follows of the different companies composing the American Gas & Electric Co.

Appalachian Electric Power Co.	\$66,418,192.80
Ohio Power Co.	2,775,371.77
Indiana & Michigan Electric Co.	5,958,475.29
Scranton Electric Co.	4,426,327.58
Kentucky-West Virginia Power Co. (Inc.)	3,300,000.00
Atlantic City Electric Co.	2,212,774.86
Wheeling Electric Co.	901,518.00

Making a total for the American Gas & Electric Co. group of \$85,992,660.30.

So much air converted into money. Now, we will take the Electric Bond & Share group.

Electric Bond & Share Co. (S. Doc. 92, vol. 23 and 24, p. 49).....\$399,201,827.39

I am considering now the Electric Bond & Share group, but I am taking the American Power & Light Co., one of its subsidiaries, and taking the subsidiaries of that company to start with. They are as follows:

Kansas Gas & Electric Co.	\$2,547,542.24
Texas Power & Light Co.	8,160,000.00
Nebraska Power Co.	5,866,452.58
Minnesota Power & Light Co. (Nov., 1920)	20,251,692.47
Minnesota Power & Light Co. (May, 1924)	1,383,246.62
Florida Power & Light Co.	30,232,007.85

Making a total for the subsidiaries of the subsidiary of the American Power & Light Co. of \$68,440,931.76.

National Power & Light Co., \$35,000,000.

Electric Power & Light Corporation, \$42,341,947.02.

Then, coming under the Electric Bond & Share Co. group, are some more:

Middle West Utilities Co. (report not yet printed), \$30,816,770.

Standard Gas & Electric Co. (report not yet printed), \$6,974,253.

New England Power Association, which is reported in Senate Document No. 92, volumes 31 and 32, page 635. The total water put into that corporation was \$41,575,771.

The North American Co. (S. Doc. No. 92, vols. 33 and 34, p. 759), \$5,040,105.

North American Light & Power Co. (report not yet printed), \$23,180,934.36.

New England Power Co. (S. Doc. No. 92, vols. 31 and 32, p. 511), \$2,000,000.

W. B. Foshay Co. and subsidiaries, \$4,018,953.93.

Southeastern Power & Light Co., through its subsidiaries, first, the Alabama Power Co., \$6,392,241.73.

Georgia Power Co., \$33,453,500.

Appalachian Development Co., \$4,389,679.75.

Mississippi Power Co., \$12,724,558.73.

Southern Power Securities Corporation, \$26,898,275.47.

The Southern Fuel Co. has changed water into gold to the amount of \$1,799,000.

Dixie Construction Co., \$1,000,000.

Southeastern Realty Co., \$175,394.99.

Louisville Gas & Electric Co.—that is of the Byllesby group and the report is not yet printed. They put air and water into their capitalization to the amount of \$2,013,500.

Mississippi Valley Gas & Electric Co., which is a part of the Byllesby group and the report has not yet been printed, \$373,500.

Electric Power & Light Co. subsidiaries of the Electric Bond & Share Co.: First, the Arkansas Power & Light Co., which has had write-ups to the amount of \$6,970,601.61; Louisiana Power & Light Co. have put water into their capitalization to the amount of \$10,076,594.16; and Mississippi Power & Light Co., \$10,714,544.37.

Washington Water Power Co., \$2,591,185.30.

National Power & Light Co., \$3,723,957.53.

Oklahoma Gas & Electric Co., report not yet printed, \$3,263,560.16.

Nebraska Power Co.—excess of write-ups on operating-company books over write-ups on holding-company books—report not printed, \$2,521,063.35.

Pacific Power & Light Co., not printed, \$5,679,427.66.

Northwest Electric Co., report not printed, \$5,000,000.

Idaho Power & Light Co., report not printed, \$9,692,314.99.

Tide Water Power Co., report not printed, \$2,714,967.75.

Carolina Power & Light Co., volume 26, page 90, \$22,414,833.79.

United Public Service Co., \$6,818,940.16 (Thompson Ross & Co.).

TOTAL OF WRITE-UPS

Mr. President, what do you imagine is the total of the write-ups? How much water, how much air, have these financial jugglers changed into gold upon which they are taxing the American consumers of electricity? How much do you think, sir, it amounts to up to date, with the investigation probably not much more than half finished? Here is the grand total of the sums I have just read: \$925,985,795.26.

Just try to comprehend what that means. With the investigation only partially finished, the Federal Trade Commission have disclosed write-ups in round numbers to the amount of \$925,000,000 upon which the poor people, the common people, must pay a profit for all time—not for a day, not for a year, but, unless some change is made by the proper authorities, it must be paid forever. Our people are thus burdened down with \$925,000,000 of water upon which we will make them pay through all their long tedious lives an income that will keep in luxury these financial vultures who are thus trespassing upon the rights of their fellow men. Who is going to stand for it? Where is there a representative of the Government of the United States who will say that we should permit this to go on? Yet when we tax them they have influence enough to control the Congress of the United States to take the tax off of themselves and have it put on the poor devil who is already overburdened.

As I showed yesterday in the beginning, all this investigation would have stopped if President Hoover had his way. He is opposed to it all. His own Budget would have cut the Federal Trade Commission off without a dollar to continue this work in behalf of the people. I wonder how long a suffering country is going to stand that kind of treatment? Are we helpless? Is there any way under heaven by which this downtrodden people can be rescued from this great octopus that is hanging about the neck of the Government of the United States? Nine hundred and twenty-five millions of dollars of air for which we are all paying and then we are afraid to tax them!

WHAT FEDERAL TRADE COMMISSION HAS ACCOMPLISHED

Mr. President, I have had prepared for me by representatives of the Federal Trade Commission a short synopsis of what the commission has done, what it has accomplished not only in the way of investigating public utilities, but

several other big trusts and corporations, including the chain stores and the cement companies. It is an exceedingly interesting document, but I do not believe I shall take the time of the Senate to read it. Therefore I ask unanimous consent that at this point in my address it may be included and printed as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The synopsis is as follows:

Since the commission began its public hearings in the power and gas utilities investigation, one of the largest holding company groups has reduced the service charges to its operating companies by over a million dollars a year, and another large group has eliminated entirely all profit from such services to the operating companies, which results in a saving to the operating companies of approximately a million dollars a year. If these reductions to the operating companies have been passed on to the consumers, in these two instances alone consumers have been saved more than the total cost of this investigation, including the amount provided for by this amendment for the next fiscal year. During the progress of this investigation rate reductions to consumers have been quite general. One company stated that \$2,600,000 had been saved by residential customers as a result of such a reduction in rates. This is more than twice the total cost of this utilities investigation to date.

By the terms of section 5 of the Federal Trade Commission act the commission is directed to prevent "unfair methods of competition in commerce," and by the terms of the Clayton Act it is specifically directed to prevent under certain conditions price discrimination (sec. 2), exclusive and tying leases, sales, or contracts (sec. 3), combinations through capital-stock acquisitions (sec. 7), and interlocking directorates (sec. 8). With reference to these practices the commission is without discretion as to whether or not it will proceed. Such methods are declared unlawful, and the commission is directed to prevent them. The procedure to be followed by the commission in preventing such practices is set out in the statutes. When there is brought to the attention of the commission facts which seem to indicate the possible violation of these acts the commission makes a preliminary investigation sufficient to determine whether there is enough merit in the matter to warrant the docketing of the matter for a thorough investigation. If it decides that there is, the matter is docketed as an application for complaint; and after thorough investigation, if the commission believes that a practice prohibited by the statutes is being engaged in and that a proceeding by it would be to the interest of the public, it issues and serves upon those using the practice a complaint charging such person or persons with violation of the particular act involved. After the issuance of such complaint the parties named as respondents have opportunity to file an answer, and after answer is filed testimony is taken and the case is briefed and argued before the commission, which disposes of it by either issuing an order to cease and desist from the practice or practices involved, if it thinks the charges of the complaint have been sustained, or by an order of dismissal, if it believes that such charges have not been sustained.

If an order to cease and desist is issued, the person against whom such order is directed may apply to a United States Circuit Court of Appeals for review of the order, and such court has authority to make and enter a decree affirming, modifying, or setting aside the order of the commission. The commission may appeal to such court for enforcement of an order to cease and desist where such is not obeyed. The proceedings before a circuit court of appeals are subject to review by the Supreme Court of the United States upon certiorari. The commission can compel the attendance of witnesses and the production of documents in proceedings before it by action before a district court of the United States.

Since its organization and up to June 30, 1931, the commission has under these powers instituted 19,212 inquiries, of which it has dismissed after preliminary investigation 12,296 and has docketed as applications for complaints 6,609. Of these investigations which have been docketed as applications for complaints, 4,228 have been dismissed, after thorough investigation, without the issuance of complaint. Complaints have been issued in 1,972 of the matters, and after proceedings on the complaints orders to cease and desist have been issued in 1,080 instances and the complaints dismissed in 662 instances. The other matters are still pending, awaiting final disposition. In the lower Federal courts the commission has had 193 cases, of which 182 had been disposed of by June 30, 1931. In the Supreme Court it had had 57 cases, all of which had been disposed of by June 30, 1931.

By these orders to cease and desist the commission has prohibited such practices as false and misleading advertising as to business status, nature of product, indorsement of product, results of product, source of product, etc.; misleading trade or corporate name; the use of bogus independents; combining and conspiring to restrain or monopolize trade by seeking to cut off competitors' sources of supply, labor, to fix and maintain prices, etc.; threatening suits not in good faith; maintaining resale prices; misbranding; wrongfully disparaging or misrepresenting competitors or their products; using exclusive dealing or tying contracts, price discrimination, the acquisition of stock of competitors, and many others.

It has been testified that as a result of one of these cases alone the farmers of the Middle West were saved \$30,000,000 annually (the case against the United States Steel Corporation, so-called Pittsburgh Plus case). In another case the commission protected the cooperative method of marketing grain and established the right of farmer organizations, grain growers, and shippers to admission to the trading places, preventing a monopoly in the grain trade (the case against the Minneapolis Chamber of Commerce). The commission has literally saved the public millions of dollars annually by the prevention of various fraudulent and misleading advertising and misbranding practices. The commission has protected hundreds of business men from the unfair practices of rivals whether practiced directly or through bogus independents.

In certain types of cases where the proposed respondent is willing to cease and desist the practice the commission accepts a stipulation in which the proposed respondent agrees not to indulge further in the practice complained of. From December 1, 1925, to June 30, 1931, such stipulations had been accepted in 837 instances. The commission also prevents certain forms of false and misleading advertising by accepting stipulations to cease and desist using such advertisements. From May 6, 1929, to June 30, 1931, stipulations had been accepted in 119 such matters, and 389 such cases had been handled.

As a result of the above activities of the commission the public has been saved millions of dollars.

In addition to the above statutes the commission is also charged with the duty of enforcing the so-called export trade act, and in accordance with this the commission has continually had supervision of the activities of between 50 and 60 export-trade associations involving annual exports of hundreds of millions of dollars. In 1929 the value of such exports was \$724,100,000, and in 1930, \$661,000,000. The commission has instituted under this act to June 30, 1931, 381 investigations, including foreign-trade inquiries, and disposed of 364 such investigations.

This work of the commission and 73 special investigations have been done with a maximum annual appropriation of \$1,864,800, a minimum annual appropriation of \$430,964, and an average annual appropriation of \$1,174,317.42; a maximum annual number of employees of 663 for the year 1918, a minimum annual number of employees of 214, and an average annual number of employees of 348.35.

The utility corporations' investigation is one of the largest undertaken by any Government department. It involves an investigation and study of the practices, organization, relationship, conduct, and management of utility corporations throughout the United States. The organization, management, and relationship of many of these corporations are quite complicated and complex. Some of the holding corporations have as many as 250 to 400 subsidiaries; and in order to trace the growth, development, and relationship of these various corporations it is necessary to review the books of these corporations for periods of from 10 to 20 years. There is involved an investigation and study of much of the same character of information for utilities as is required by the Interstate Commerce Commission of the railroads in its efforts to value the railroads, upon which that commission has been working for 19 years, and for which particular work there has been appropriated \$40,506,234.91, considerably more than the total appropriations for the Federal Trade Commission during its entire existence. The electric and gas utility companies constitute an industry comparable in size to the national railway systems. The public utilities represent an investment of about \$25,000,000,000 as compared with \$26,000,000,000 invested in the railroads.

There are about 170 Portland-cement mills in the United States, located in 35 of the 48 States. The total production during 1930 was 643,620,000 sacks (94 pounds each). This production dropped to about 498,280,000 sacks in 1931.

For convenience in stating price reductions since the commission started the investigation of the cement industry, the United States has been divided into four sections, namely, (1) the northeastern section, including the States north of Virginia, and Tennessee, and east of the Mississippi River; (2) the southeastern section, including the States south of Kentucky, West Virginia, and Maryland, and east of the Mississippi River, also including Louisiana; (3) the central section, including the States west of the Mississippi River and east of the eastern boundary line of Montana, Wyoming, Colorado, and New Mexico; (4) the Rocky Mountain Pacific section, including the States west of the central section. The total shipments by all mills in the United States during 1931 were approximately 505,860,000 sacks.

The consumption of cement in each of these four sections, as reflected by the shipments into the several States of each respective section, during 1931 was as follows:

	Barrels	Per cent
Northeastern and lake section.....	73, 138, 484	57.8
Southeastern section.....	14, 433, 563	11.4
Central section.....	25, 849, 691	20.5
Rocky Mountain Pacific section.....	12, 183, 824	9.6
Exports.....	387, 486	.3
Territories.....	471, 952	.4
	126, 465, 000	100.0

According to the Bureau of Mines, Department of Commerce reports, the net mill value of cement covering the entire United States declined from approximately \$1.44 per barrel in 1930 to \$1.12 per barrel in 1931, a reduction of 32 cents per barrel or 8 cents per sack. This figure reflects the reduction in prices put into effect during 1931. The net mill value of 1931, however, includes

sales during the first part of the year, before the reductions became effective.

The mill base prices of cement at the various mills in the north-eastern and lake section were reduced during 1931 subsequent to the beginning of the investigation of the cement industry by the commission from 40 cents per barrel at the mills in the Lehigh Valley to 75 cents per barrel at the silos in Cleveland, Ohio.

The mill base price at the mills in and around Birmingham, Ala., was reduced since the beginning of this investigation by 26 cents per barrel.

The mill base reductions in the central section during the investigation ranged from 44 cents per barrel at Iola, Kans., to 84 cents per barrel at Ada, Okla. No attempt has been made as yet to arrive at the average reduction in mill base prices in any of the above sections.

The commission has received direct from dealers throughout the United States the retail price per sack of cement in small quantities beginning with January, 1929, to and including the year 1931. In the northeastern and lake sections, which consumed approximately 73,000,000 barrels of cement, 57.8 per cent of the total consumption for the United States, reports show reductions in prices since the investigation began, ranging from 5 cents per sack in Buffalo, N. Y., to 30 cents per sack at Painesville, Ohio. These reports cover 33 locations in the States of Massachusetts, Connecticut, New York, Pennsylvania, West Virginia, Ohio, Illinois, Indiana, Michigan, and Wisconsin. Twelve of these locations reported reductions of 20 cents or over per sack. Nine additional locations reported reductions of 15 cents or more per sack.

From the southeastern section, which consumed approximately 15,000,000 barrels, or 11.4 per cent of the total consumption of the United States during 1931, there are reports from only seven different locations, which show reductions in price since the investigation began, ranging from 4 cents per sack at Mobile, Ala., to 15 cents per sack at Knoxville, Tenn.

In the central section of the United States, as defined above, 33 different locations in the States of Iowa, Kansas, Missouri, Nebraska, Oklahoma, Texas, and Minnesota show reductions in prices since the investigation began, ranging from no reduction at Norton, Kans., to 35 cents per sack at Leoti, Kans. Fifteen of the thirty-three locations showed reductions of 20 cents or more per sack. Seven additional locations showed reductions of 15 cents or more per sack. A dealer in Nebraska reports a reduction in the price per sack of 27 cents, 37½ per cent; a dealer in Michigan reports a reduction in the price per sack of 22 cents, 35 per cent; a dealer in Michigan reports a reduction of 21 cents per sack, 31 per cent; a dealer in Iowa reports a reduction of 15 cents per sack, 18¾ per cent; a dealer in Minnesota reports a reduction of 15 cents per sack, 18¾ per cent.

Reports from the retail dealers in the Rocky Mountain Pacific section are not complete. The general information, however, is that there were very slight reductions in prices to the small consumer in this section. However, the section consumed only approximately 12,000,000 barrels, or 9.6 per cent of the total consumption of the United States. No attempt has been made as yet to estimate the average reduction in the retail price of cement in any of the above-described sections of the United States.

The mill-base prices which are used by the manufacturers in determining the delivered price of cement for the mills east of the Rocky Mountains declined within a range of 26 cents per barrel for the Birmingham mills to 84 cents at Ada, Okla., and these reductions are reflected in the retail price of cement as noted above.

The study of discounts and allowances in the chain-store investigation has apparently led to the abolition of a large part of such and thus saved thousands of small independent merchants from being forced out of business.

The commission at present has on its pay roll 519 employees. Unless the commission is allowed this \$360,000, in addition to the amount now carried in the bill, it will be necessary for the commission to discharge over 200 of these employees, over 38½ per cent.

ACTIVITIES IN NEBRASKA

Mr. NORRIS. Mr. President, yesterday and to-day I have taken Senators all over the United States just giving brief glimpses here and there. Senators have noticed, or if they will think about it they will notice, that the so-called write-ups, this water that has been pumped into the capitalization of public-utility companies, is not common to one locality. Senators probably noticed when I read the list that it covered practically every nook and corner of the United States. It covers the whole country. The investigation is not yet completed. When it is completed it will be seen that there is hardly a locality or school district in the United States that is not affected by the unconscionable operations of the Power Trust. No one has been forgotten. It covers everybody and everything.

I want to conclude what I have to say by adding one more locality. I want now to take you, Mr. President, to my own State of Nebraska. I have taken as samples, and only as samples for the purpose of illustration, companies operating in various localities, and have shown what they have been doing. To some extent I want to do that in my own State,

and I shall only touch the high spots there. I shall be able to show in this case, as I could show in almost every other case, that while they are pumping water into their corporations they are not forgetting anything else. They never forget anything. While they are changing water into gold they are not forgetting about politicians in school districts, in legislatures, in senatorial campaigns, in presidential campaigns. They have their men ready to write a platform from prohibition to declaration of war to suit any convention that wants to use it if they can keep out of that convention platform anything that might hurt them.

Mr. President, when we get to Nebraska the first thing we run up against is the Nebraska Power Co. It is the great representative there of the Electric Bond & Share Co., of Wall Street, New York. The Nebraska Power Co. was developed from the systems of the Omaha Electric Light & Power Co. and the Citizens' Gas & Electric Co., of Council Bluffs, which was a subsidiary of the Omaha company. The Council Bluffs company, now a subsidiary of the Nebraska Power Co., is known to-day as the Citizens' Power & Light Co. The Omaha and Council Bluffs companies together serve a population of about 214,000 in Omaha and 42,000 in Council Bluffs, and operate also in about 40 towns and rural territories within a radius of 50 miles of Omaha and within a radius of 25 miles of Council Bluffs in Iowa.

As a foundation for the financial manipulation which took place in the transfer of 1917 and since there are the extraordinary growth and the ample and sustained earning power of these Omaha and Council Bluffs utilities. The Nebraska Power Co. itself has acknowledged that its steady growth and financial success has been due in a considerable part to the foodstuffs industries in and about Omaha, which show a steady growth without violent fluctuations in periods of inflation or deflation. This is shown from a transcript of the Federal Trade Commission hearings, March 9, 1932, at page 19578.

In the 1917 transfer the value of the properties was written up over night by more than 100 per cent. To get the full significance of this "write up" it is necessary to go back some years into the early history of the Omaha utilities. Now over night—and this is from the investigation of the Federal Trade Commission—the capitalization had pumped into it 100 per cent of water and the next morning that was gold. When we go back we find that the writing up of the assets and the issuing of watered stock began very early, so that the inflated financial structure of 1917 was reared not upon a solid foundation of property or value but in large part upon water that had been pumped earlier into the old companies, as well as the new companies, which the Omaha council has imputed is "a most profligate issuing of stocks and bonds that represented no investment whatever."

Here is a sketch of what happened. The original electric plant was built in Omaha in 1885. It changed hands in 1889 and again in 1903. When the second transfer took place in 1903 an inventory was prepared indicating that the utility company itself valued its properties at that time at \$794,000. Yet these properties changed hands with a capitalization of \$1,201,000, as they passed out of the control of the old owners, and with a capitalization of \$3,831,000 as they came into the control of the new owners. Just get that picture! In the first place they themselves admitted that the total valuation was only \$794,000 when the original company sold it, but they sold it at a value of \$1,201,000—quite a profit that was for one day—they sold it to another corporation, and the next day on the books of the new company the valuation was \$3,831,000, showing that over night two transactions of converting water into gold had taken place.

It was the conviction of Omaha's mayor and city council, expressed in a rate decision years later, that even the \$1,201,000 exceeded the value of the property; and these officials found that when the capitalization was boosted to \$3,831,000, or more than 200 per cent, in 1903 not a stick nor a stone of property was added; not a single thing of value was added except 200 per cent of water. The additional securities were water. A utility baron of that city took them for his own when he acquired the control of an

old company and transferred its properties to a new one headed by himself. His little deal was exceedingly profitable; for in later years, between 1903 and 1917, the new company's common stock, all "water," paid dividends as high as \$600,000 a year—\$600,000 annually for nothing. In those days even utility barons rated that as a pretty fair profit. (Exhibit 5038, appendix 10, sheet 5, of the Federal Trade Commission.)

At the same time that the fixed capital was written up and the watered stock was issued, apparently, the public-utility franchise which one of the old companies had obtained from the city of Omaha was put on the book as an asset having a value of \$2,055,000, or more than three times the value of the company's tangible property as shown by its inventory, as shown by its own books. The franchise was greater in value than all the property they owned, as shown by their books; a franchise that, of course, did not cost a cent, a franchise that, as a matter of truth and honesty, belonged to the people of Omaha and not to the corporation.

The franchise was being carried on the books at this value when the Omaha system next changed hands in 1917.

When this transfer in 1917 took place the Omaha utility purported to have assets of \$6,432,000, but, with the franchise value eliminated, the amount of the assets was only \$4,377,000. It is by no means certain that they were worth even that much, because, as we have seen, the Omaha City Council believed that even before the franchise value was assigned, in 1903, the utility's assets were overvalued, and the old inventory bears this out. But the power barons who took hold in 1917 were not concerned with pools of "water" behind; their eyes were glued upon the rivers of "water" and the floods of profits ahead. They hurdled clear over the \$4,377,000 assets value without the franchise, and the \$6,432,000 assets value with the franchise, and set up a new value of \$13,500,000.

That is "going some." The mighty Electric Bond & Share Co. had taken charge. The whole of the transfer deal of 1917 was engineered by this company, which controls one of the greatest of all the power systems in the country and has been in the forefront of every conflict between the Government and the power industry for years past.

The Electric Bond & Share Co. wished to obtain control of the power system centering around Omaha and to make this system a part of its own much greater system. This it accomplished, first, by buying up the common and preferred stocks of the Omaha Electric Light & Power Co. For those securities it paid, in one form or another, a total of \$4,633,000. Then it took these same securities and sold them to one of its own subholding companies, the American Power & Light Co., for \$5,865,000, netting a profit, in cash and stock, of \$1,232,000. There was not any property added, Mr. President; it was the same property; they merely sold it to themselves and increased its value.

This sale need not be regarded very seriously as the American Power & Light Co. is, in fact, a sort of "paper" company, which is virtually identical with the Electric Bond & Share Co. itself; that is to say, it is staffed and officered by Electric Bond & Share; much of its controlling stock is held by Electric Bond & Share, and there are various other devices which make the union extraordinarily close. The American Power & Light Co., at any rate, paid the Electric Bond & Share for the Omaha securities by issuing demand notes and securities of its own and delivering them to the Electric Bond & Share Co. Then, being possessed of the securities of the old Omaha Co., the American Power & Light Co. turned them over to its new Nebraska Power Co. through a "dummy" and recapitalized the properties. In doing so it disregarded entirely the \$4,377,000 which, be it remembered, was the amount of the assets with the franchise eliminated. It disregarded also the \$4,633,000 which the Electric Bond & Share Co. had paid for the Omaha properties, the \$5,865,000 which American Power & Light had paid to Electric Bond & Share for them, and the \$6,432,000 purported fixed capital which appeared on the books of the old company. Instead of heeding any of these figures, it caused the new company to enter upon its books as fixed capital \$13,500,000 and to

issue its securities accordingly. This was accomplished merely by writing a new set of figures on the books.

The report of Examiner J. W. Adams, of the Federal Trade Commission, states explicitly that there was no change whatever in the amount or the character of the properties. All that happened was that the Omaha Electric Light & Power Co. closed its books on May 31, 1917, with a fixed capital of \$6,432,000, and the Nebraska Power Co. opened its books the next day showing a fixed capital of \$13,500,000. The difference, or write-up, was \$7,068,000. Adding some write-up for the Council Bluffs subsidiary, there was a total write-up of \$7,387,000. On the 31st day of May, 1917, the corporation holding these properties in Omaha and vicinity was turned over to another corporation, and in the transaction, all of which was completed between the closing of one day's work and the opening of the next day's work, there was \$7,387,000 of water pumped into the capitalization of that company, upon which the people of Omaha and vicinity will be paying revenue through all time unless some remedy in some way may be provided to rectify the condition.

The whole procedure was not only unsupported by any additions to plants or equipment; but it appears to have been entirely arbitrary. As in many other such deals, the commission found no record of any appraisal of the properties. They did not even pretend to have an excuse; they just wrote that much water in the valuation on their books the next morning after the transfer had been made.

Against the "paper" addition to assets of \$7,387,000, the promoters "wrote up" the company's surplus \$177,000. Substantially all the rest of the increase was made the basis for new securities. Where \$3,789,600 securities had been outstanding, exclusive of the big bond issues, the new company issued \$10,999,500. (Transcript, March 10, p. 19693.)

Substantially all these securities were delivered to the American Power & Light Co. A large portion of them was handed on by this company to the public. From \$5,500,000 of the Nebraska Power Co. securities, the American Power & Light Co. realized at the time of the transfer, or thereafter, more than \$5,000,000. It took, for itself, \$5,000,000 of the Nebraska Power Co.'s common stock. Since it paid for the Omaha properties, technically, the \$5,865,000, and got back more than \$5,000,000 of this through the sale of securities, the American Co.'s books should indicate cost to it, for the Nebraska Co.'s common stock, of about \$766,000, but what the books show here is not the real truth.

The technical cost to the American Co. of the Omaha properties, \$5,865,000, included the profit of \$1,232,000 to the Electric Bond & Share Co., and the deal which gave rise to this profit was merely one between the left hand and the right hand.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. If the Senator will permit me, I should like to remark that that was rather a conservative rake-off, was it not? That was not customary; that was only about one-third of what is usual, and that would seem to represent an improvement.

Mr. NORRIS. Probably they had taken such a big rake-off before that they were ashamed to do the same thing again so soon afterwards.

Mr. LONG. A profit of two or three times that size would be customary.

Mr. NORRIS. The deal which gave rise to this profit was one merely between the right hand and the left hand. The Electric Bond & Share Co., the American Power & Light Co. and the Nebraska Power Co. were, for all practical purposes, a single entity. Their real nature is best illustrated by the fact that a law firm in Augusta, Me., which looks after the incorporation of Electric Bond & Share enterprises and votes their stock by proxy, voted all the stock of all three companies at each stockholders' meeting.

We must remember they are incorporated over in Maine to do business in Nebraska.

When we eliminate the \$1,232,000 profit to the Electric Bond & Share Co. on the "sale" of the Omaha properties to its own subholding company their cost was only \$4,633,000. Then, since the American Power & Light Co. realized more than \$5,000,000 from its security sales, it actually profited by approximately \$466,000 besides retaining for itself the \$5,000,000 of common stock at no cost. (Transcript, March 10, p. 19702.)

The results were:

First, the expenses of the Omaha acquisition were paid.

Second, the Electric Bond & Share took a profit of \$1,232,000 upon the sale of the Omaha properties to its subholding company, the American Power & Light Co.

Third, over and above these expenses and this profit there was an excess capitalization of \$5,000,000 or more, which was utilized for the issuance of a huge block of common stock to the American Power & Light Co. at no cost, and, in fact, with a cash profit to that company on the side.

It is this huge block of common stock which has brought the greatest profit to the controlling interests, and which has chiefly served to drain off the excess earnings of the Omaha property, which means its excess collections from the consumers. This is clearly shown in the dividend records of the Nebraska Power Co. during the 12 years from 1917 to 1928.

In these 12 years there was paid in dividends a total of \$7,663,000. Of this total, \$4,075,000 was paid in dividends on the common stock alone, and virtually all of this common stock was held by the American Power & Light Co., which, as I have pointed out, is all but identical with the Electric Bond & Share Co. Therefore, say the Trade Commission's reports, the indications are that "practically all the \$4,075,000 paid went to the American Power & Light Co." (Exhibit 5038, p. 194.) And remember that all these dividends were paid as a return on a supposed investment which was in reality no investment at all.

The holding company's pickings have grown richer from year to year. In 1924, these common-stock dividends amounted to only \$367,000 a year; but by 1927 they had grown to \$741,000, and by 1930 to \$1,200,000 a year.

It may be wondered how profits so extravagant can be piled up on stock which is nothing but water. There are several very compelling reasons for this.

In the first place, there is the part played by the investor who is permitted by the promoting and controlling interests to put up all or nearly all of the money which is actually needed, either to take over properties or to expand them.

A second factor in making possible the huge profits is the phenomenal increase in the use of electricity. Between 1918 and 1930, the Nebraska Power Co.'s production increased about 325 per cent. Thus, even if the cost of producing electricity had remained the same, the company could have made larger and larger profits from year to year.

But the cost, in fact, went down sharply, thus providing a third factor leading to increase of profits. In the same period, from 1918 to 1930, the average generating cost declined from approximately three-quarters of a cent per kilowatt-hour to a little more than a third of a cent per kilowatt-hour. (Transcript, March 9, p. 19617.) Other costs also declined. The total expense per kilowatt-hour for both generation and distribution, including taxes and depreciation as well as uncollected bills, dropped from 2.23 cents in 1920 to 1.24 cents in 1930.

The reasons for this sharp decline in costs were several. Because of the increased production there was a more continuous utilization of equipment. The equipment itself became more efficient. Accordingly the consumption of coal per kilowatt-hour was cut in half. The price of coal declined sharply, and likewise the prices of supplies needed for the power plants. Then the new machinery proved so efficient that, instead of using more labor as the production increased, the company actually used less labor. During the period from 1920 to 1930, for example, when production increased 180 per cent, the number of employees declined 5.6 per cent, or from 124 to 117.

The vast savings which were made possible by all these factors were not, of course, monopolized entirely by the power company. It was necessary to reduce rates somewhat, although some of the reductions were made by the company against its will. At any rate, when the total expense of generation and distribution was declining from 2.23 cents to 1.24 cents per kilowatt-hour between 1920 and 1930, the average selling price of current to all classes of consumers dropped from 2.90 cents to 2.27 cents.

The Trade Commission's examiners even concede that by and large the savings in production and distribution costs were passed on to the consumers; but they point out that there were further large savings in financing which were not passed on at all. These savings were made possible by the financing of new construction, made necessary by the big increase in production and sales, by means of bonds and preferred stocks, which carried moderate rates of interest.

The effect of these savings due to declining costs and financing at low rates of interest, and the failure of the company to pass on more than a limited part of these savings to the consumers, is more clearly shown in an analysis the commission has made of the distribution of the consumer's dollar. Since the reorganization of 1917, the proportion of this dollar absorbed by production and distribution expenses, by interest, and by dividends on preferred stock has shown a "marked decrease." During the same time there has been a "marked increase" in the portion of this consumer's dollar going into common-stock dividends and surplus. The result is that whereas in 1918 common-stock dividends and surplus absorbed only 3.58 cents of each dollar, by 1930 they were absorbing 22.77 cents, or nearly a fourth of every dollar the consumer paid in.

In newspaper accounts of the Trade Commission hearings there were cited rates of return on the common stock held by the holding company ranging up to 338 per cent. Such a rate of return appears fantastic, but a close examination of the commission's reports shows that even this figure is in a sense an understatement. To compute the rate of return it was necessary to credit the holding company with an equity in the common stock; and, although the company has such an equity from the accounting standpoint, this equity results entirely from an accumulation of the company's surplus earnings. It does not represent money which the holding company itself has furnished but money which consumers have paid in, and which the company has permitted to remain in the enterprise over and above the amount it has drawn out in common-stock dividends.

From 1917 to 1926 there was no equity whatever behind the common stock, according to the commission's studies. Since then, as the accountants put it, "the entire common-stock equity has been built up from earnings carried to surplus." (Transcript, March 9, p. 19638.)

Now, turning from the returns on the common stock to the return on the actual investment in the property, so far as this investment could be computed by the Trade Commission, we find that between 1923 and 1928 the total investment ranged from \$12,500,000 to \$18,500,000. In not one of these years from 1923 to 1928 was the return on investment less than 12 per cent. In 1928 it rose to 13.4 per cent. (Exhibit 5038, p. 237.)

These percentages appear conservative because, while the commission in computing investment excluded the "write-up" of 1917, it had no means of determining accurately the investment in early years, and therefore was compelled to accept certain book figures.

The power companies gave no help in digging deeper for facts. Both at Omaha and in New York, commission examiners were told that records of the predecessor company had been misplaced or destroyed, although the company produced them in Omaha in 1920 when they were needed to further its application for an increase in rates. (Transcript, March 10, pp. 19684-19685 and Exhibit 5038, p. 172.)

The probable truth is, Mr. President, that the figures I have given are much too conservative. The facts are that the Federal Trade Commission have never been able to get

to the bottom of it. They do not know themselves, from their investigations, all of the write-ups. They can not tell, from their investigations, how much water has been pumped into these securities in the past.

The power companies say that the books are lost; that they are not able to find the records. They evidently have been destroyed, although when they wanted to use them for their own purposes in 1920 they found no difficulty in finding them.

FEES

Now, about the fees:

The approximately \$4,000,000 which the Electric Bond & Share interests have taken out of the Nebraska Power Co. in common-stock dividends without making an investment do not represent all the profit accruing to these interests. They have profited also through fees imposed upon the local company by the Electric Bond & Share Co., and by commissions on the sale of the local company's securities. From 1918 to 1930, these fees and commissions amounted to \$1,431,000. The fees were imposed for supervision of operations and of management, for financing, for construction work and for "special services." The construction fees the commission has already found to be practically clear profit.

The collecting of them is scarcely more than a racket for bringing additional profits into the holding company's treasury. As to the fees as a whole, there is less known, but the commission has established that there is a big profit in them without being able to determine its exact extent. Neither my constituents in Nebraska nor I as a Member of the United States Senate am permitted to know the amount of this profit. When the trade commission made its first power investigation half a dozen years ago, pursuant to a resolution I introduced, the Electric Bond & Share Co. assured the trade commission that these fees were nonprofit making. In the present power investigation, under Senator WALSH's resolution, the commission has stated that this claim is false and that there is a substantial profit in fees. But when the commission sought to examine the records which would show the extent of the profit, the Electric Bond & Share Co. refused to yield access to these records. Its attorney stated that they would not disclose matters which were "wholly private and confidential." It has tied up the trade commission in the courts for three years. The commission is about to get a decision in this case, and probably to get the records also, if it is allowed sufficient funds to complete its investigation.

The fees paid to the Electric Bond & Share Co. by local companies are provided for in contracts which must be approved by the local companies' directors. For this and other financial reasons, and for political reasons as well, the directorships are important.

LOCAL SUPPORT

For its Nebraska Power Co. directorate, the Electric Bond & Share interests have installed not only a half dozen of their men, who quite evidently run the local company, under directions from New York, but nine of the most prominent business men in Omaha. These local business men may not have much work to do, because a majority of the officers, and two out of three members of the executive committee, are connected with Electric Bond & Share interests higher up. But they are securely tied to the company and, along with them, all the influence they command in Omaha and the surrounding country.

Listen to this, speaking of the Nebraska Power Co.: Each of these local men is permitted to buy 5,000 shares of Nebraska Power Co. stock at 50 cents a share. On his \$2,500 investment each one of these men collects dividends amounting to from \$6,000 to \$6,500 a year.

That ought to keep them sweet. That ought to keep the local fellows good to the foreign companies in this great concern doing business in Omaha. That means from 240 to 260 per cent on the investment. Each time one of them attends a directors' meeting he is paid \$30. When he retires, his stock is repurchased at a price 150 per cent in excess of cost, which nets him a parting profit of \$3,750.

I wonder whether the people of Omaha and Nebraska comprehend really what that all means, how a few of their prominent citizens are given directorships where they have nothing to do except to say "amen" to what the bosses in New York tell them. All the thing is for is to sweeten the corporation in the eyes of the great consuming public in Nebraska, who have to pay the bills, and the prominent men are given these important positions in order that their influence may go out over the country and the surrounding towns and keep the people quiet. Each one of them is permitted to purchase this stock at 50 cents a share, and when they retire it is repurchased at \$1.50 a share. That makes a clear profit of \$3,750. In the meantime, when they meet with the board of directors and are given a few high-priced cigars to smoke, and perhaps something else, they get \$30. On the investment they have been permitted to make they get a rate of return of from 240 to 260 per cent.

Dividends netting a return of 160 per cent on the cost of the stock were paid in the years 1927 and 1928, after smaller but handsome and constantly increasing dividends had been paid to local directors in earlier years. The commission listed as directors in 1928: Joseph Barker, Thomas B. Coleman, Harley G. Conant, Gould Dietz, A. W. Gordon, Dan A. Johnson, John W. Welch, Glen C. Wharton, and Fred E. Hovey, president of the Stockyards National Bank.

The six directors belonging more particularly to the Electric Bond & Share wing were: W. W. Head, chairman of the Nebraska Power Co. and chairman of the Omaha National Bank; James E. Davidson, president of the Nebraska Power Co.; Roy Page, then assistant general manager of the company and now its vice president and general manager; J. A. C. Kennedy, company counsel; A. S. Grenier; and C. E. Groesbeck. Grenier is an Electric Bond & Share Co. man and Groesbeck was then an officer and director of Electric Bond & Share and American Power & Light, and is now president of the Electric Bond & Share Co.

Not all of these more active directors figured in the stock ownership plan in which the local business men were allowed participation. Two company officers, who may have been directors, held similar blocks of stock in 1929 and 1930. Four directors of the Council Bluffs subsidiary also were let in. (Transcript, March 22, p. 20220.)

Mr. Davidson has come to the commission's attention before. Prior to scrutinizing high finance as it has been practiced in the Nebraska Power Co., the commission learned how the power magnates "doctored" school books and wrote new ones of their own. This Mr. Davidson, who is president of the Nebraska Power Co., is also one of the gentlemen who wants to alter our educational system. He says it is not fair. A few years ago, when he was president of the National Electric Light Association, he wrote a friendly little letter, telling just what he thought. It reads:

NATIONAL ELECTRIC LIGHT ASSOCIATION,
Omaha, Nebr., August 15, 1925.

MR. FRED R. JENKINS,

Chairman Educational Committee,

National Electric Light Association, Chicago, Ill.

DEAR MR. JENKINS: I have read with a great deal of interest your letter of July 1, and also those of August 11 and 12 to Mr. Aylesworth about the work of the educational committee, doing everything possible to right the unfortunate situation that now exists in having textbooks that are in the hands of pupils of the schools containing erroneous and unfair information about the economics of our business and particularly those pertaining to electric light and power companies, their financial matters, operations, and policies.

I was very much surprised when I read Mr. GILCHRIST's report on this condition. I think your idea is very good of having Dean Heilman handle this matter. It is fortunate, too, that Mr. Mulaney will also help.

You have my very best wishes for a successful result in the very important work which you are undertaking.

Very truly yours,

J. E. DAVIDSON, President.

(Part 4, Exhibit No. 2540, p. 912.)

Mr. President, I think most of the Senators will remember that this letter is only a part of the great propaganda that was undertaken by the Power Trust to change the textbooks in our public schools, under the guise of some other

reason, to get their agents to become friendly with the Boy Scouts, to get into the schools, to have things taught in the schools that would be friendly toward the idea held by the great Power Trust.

I remember that it was shown in the investigation that they circulated in some of the schools of New England a catechism, working carefully, through various ingenious means, teaching the school children that they must look with horror upon any such thing as public ownership of a public utility like an electric-light plant; lecturers telling the children, and telling the teachers, some of whom were employed on the side at salaries paid by the power company, to put the poison of the electric-power influences into the minds of the growing children of the United States.

This letter of Mr. Davidson is simply a part of the program. He says that the textbooks in the hands of the pupils contain erroneous information. Of course, they give that as a reason. The real reason is that they want to write the textbooks for the children, as the evidence developed by the Federal Trade Commission that if they could get their influence into the minds of the young, while they were forming their minds, while they were schoolboys and school-girls, they would grow up to be men and women friendly to the ideas of the Power Trust.

I remember that in that investigation something happened in regard to the secretary of a State press association who was doing a lot of work quietly for the Power Trust, sending out letters on which they paid the postage, for which they paid the expense, trying to poison the minds of the people against municipally owned electric-light plants. This Davidson letter is a part of it all.

NYE COMMITTEE INVESTIGATION IN NEBRASKA

Mr. President, I think I ought to digress here to make a remark or two about one or two of the prominent men in the Nebraska Power Co. who were allowed to get this stock at the low rate and sell it at the high rate and get these fabulous dividends. One of them was Walter Head. Who is Walter Head? He is the financial genius of the Missouri Valley. For a while he had headquarters at Omaha. He is a personal friend of Herbert Hoover, President of the United States. The Nye committee, when they were investigating campaign expenditures last year, ran on to his tracks out in Nebraska. They had a long siege of it before they traced him down. Walter Head was then connected with one of the big banks in Chicago. He had formerly lived in Omaha and operated the Omaha National Bank. He controlled or was supposed to control the financial operations of all the banks of the State. To a great extent he took care of the politics of the State. On the face of it he was a Republican, but always for the power companies first. He financed a good many operations.

The Nye committee put on the witness stand a man by the name of Victor Seymour. It had been reported to the committee that Seymour had been actively engaged in looking after the senatorial campaign in Nebraska. He went on the stand and under oath explicitly denied all knowledge of any connection with politics. He had nothing to do with it. He did not know anything about a bogus grocery man who disgraces the name I bear, who had been put into the campaign as a competitor of mine. He knew nothing about it. All he knew was what he saw in the papers, and I think the committee believed him, but it later developed that it was all false. It later developed that he had an office there and did not do anything else but politics, that he had his men all over the State canvassing. He was engaged exclusively and entirely in the senatorial campaign. It was recognized that he must have had considerable money to carry on that kind of an operation. The investigation kept on, came to Washington, went back again to Chicago, and back again to Washington, Walter Head knowing all the time what was going on and that they were trying to find out who furnished the money for Victor Seymour.

Finally the Nye committee got it so close to Walter Head that when he knew he was going to be disclosed he came to the witness stand and admitted it. In order to put himself right before the people he told before the committee what

he was. Everybody in Nebraska knew it before. He was chairman, or a member, at least, of the board of directors of some of the great railroad companies of the United States. He was head of the Boy Scout movement. He was chairman of the board of the Nebraska Power Co., and that is where he comes into this case. Incidentally he might have told them that he had the reputation—which I presume was purposely circulated over the State years before when he wanted to control the politics of the State—of being teacher of the biggest Sunday school in the State—a very religious man, running the Boy Scout movement; but incidentally it developed that he had put up several thousand dollars of money for Mr. Seymour, the man who had already committed perjury. He knew Seymour had done that. He saw the committee go from one end of the country to the other trying to find out the truth about it. He remained silent, this great Christian Sunday-school teacher.

He is one of the men who at that very time—I presume it was within those dates—was drawing these fabulous sums from the Nebraska Power Co. The people of Nebraska did not know it then. Nobody suspected that this great Sunday-school man, this great Boy Scout Christian, was engaged with Victor Seymour in the disreputable business in which he was engaged. But he admitted under oath that he had furnished four or five thousand dollars of money to Victor Seymour. He said it was his own money. Oh, no; it was not paid by the power company! But the evidence before the Federal Trade Commission shows that he was getting a rake-off from the Nebraska Power Co. of thousands of dollars which honestly, morally, and rightfully was not his money. He did nothing to earn it—nothing, at least, that was legitimate. So he was connected up with the matter.

I might say incidentally in passing that this man Victor Seymour was indicted for perjury committed before the Nye committee. He is as clearly guilty of perjury as any man in the civilized world has ever been guilty of perjury. He testified point blank that he knew nothing about the transactions, when, as a matter of fact, he was behind them from beginning to end, and it was afterwards disclosed and proven that he was. Even Walter Head's own testimony shows what the man's business was.

Here is a peculiar thing. This man Victor Seymour has no money. That is not to his discredit, and I am not mentioning it for that reason. I only mention it to show that as a matter of fact if he relied upon his own financial responsibility he could not hire the lawyers who had been engaged in his defense. Who are they? This shows the bipartisan condition of many of these great combinations. First, one attorney who is representing him is chairman of the Nebraska Democratic central committee and another attorney is, I believe, ex-chairman of the Republican State central committee, the heads as it were, of the two great political parties of Nebraska. They are both fine men, I have not a thing against either one of them. Both are good lawyers, but in my judgment neither one of them was employed on account of his legal ability. Neither one of them could have been employed by Victor Seymour. I venture the assertion without fear of any contradiction from any reliable source that Victor Seymour never did employ either one of them. They were employed for their political influence more than their legal ability, although they have legal ability and political influence both. They were employed for the same reason that ex-Senator Lenroot was employed by the Power Trust to appear before the senatorial committee in their behalf—not because of his legal ability, but because of his supposed political influence.

This man Victor Seymour could not get to first base in paying an attorney fee to either one of the men who were employed for him. They have gone out of their way in the litigation. They have tried every avenue of escape for this perjurer. They have had the case considered on some technicality which they tried to find in the indictment. It was taken to the court of appeals on that technicality. They have had habeas corpus proceedings tried in the Federal courts. They carried it to the next higher court, being defeated both times. The expenses of those attorneys, with-

out any fees, would be much more than Mr. Seymour has ever been worth in all his lifetime.

The indictment was quashed the first time on some technicality. He was reindicted and they made motions to quash and filed demurrers and resorted to every legal technicality known to the legal mind, and still were unsuccessful. They finally went to trial and the jury disagreed, and that is where, perhaps, the wisdom of selecting these attorneys was shown. The jury stood 11 to 1 for conviction of this perjurer and, of course, that meant that the jury had to be discharged.

Who employed these great men at the head of the great political parties, using their wonderful influence and their legal ability for a man who has not a dollar? Who hired these lawyers? Who paid these lawyers their fees and their expenses? Echo answers "Who?" I hurl the question into the face of Walter Head, the personal friend of Herbert Hoover, who put several thousand dollars of his money into Victor Seymour's hands. Let him answer. Let these attorneys answer if they dare. Walter Head is shown here, by the evidence I have produced, as getting an enormous rake-off from the Nebraska Power Co., posing as a Sunday-school teacher, and furnishing his money to this perjurer to carry on his disreputable business.

J. B. WOOTAN'S LETTER

But, Mr. President, that was not quite all. I have here a copy of a letter written by J. B. Wootan. He is connected with the publication of a Power Trust magazine in Chicago. He wrote to his friend Brown in Lincoln, Nebr., while the investigation was going on, after the primary and while the election contest was going on. Brown is the representative of the Power Trust in the State. This letter was written during the campaign. I got hold of it. It has always been a mystery how I got it. I read it from the rostrum in a public speech that I made in that campaign. Many people went into hysterics the next day when it was published.

The man to whom it was directed, the power-company tool, immediately got on his high horse and said he was going to have me prosecuted for interfering with the mails; that it must be that I must have robbed the mails to get that letter. He was going to have an investigation from Washington at once and "have Senator NORRIS arrested for robbing the mails." I read the letter again at the next meeting after he made that charge and defied him to go ahead with his investigation. He did. I have had representatives of the Secret Service of the Department of Justice at Washington calling on me asking questions about the letter. They seem to take for granted that I have gone into the post office and broken into the mail and robbed it of this precious letter.

Part of the letter refers to the Senator from North Dakota [Mr. NYE], but the tone of the letter shows what the Power Trust wanted to happen in Nebraska in the senatorial campaign. I think they are hunting yet to find out how I got that letter, and it is so interesting to see them hunt, it is so interesting to see them all get worked up about it, that I have never told them [laughter], although I could do it very easily and it would be very simple. No one has ever denied anything the letter contained, oh, no; but the means by which it was obtained is still a mystery to them. I read:

DEAR BROWN: Our mutual friend Arthur Huntington, of Cedar Rapids, has just been in my office and given me a most interesting bit of news, and I want to know from you if you think it would justify me in running out to Nebraska and getting this matter first hand in such shape, if possible, as to enable us to publish it.

He is the publisher of a Power Trust magazine in Chicago.

The thing is this—

He says—

Huntington says that either Senator NYE or one of his confederates in the snooping business demanded of one of the hotels of Lincoln the privilege of tapping such telephone wires in the hotel as he might desire and doing this in the name of the United States Government. The manager of the hotel is reported to have replied that he would be willing to have this done provided NYE or his confederates would bring mandamus suit to compel him to do it, whereupon the matter was dropped, and NYE was out of town in five hours. If this thing can be verified to

make it safe for publication, it seems to me it ought to be done. It looks as though it is a corking good newspaper story, and possibly it has been published; I don't know. At any rate, write me and let me know what you think about it. Meantime—

And this is the real crux of it all—

Meantime, has Hitchcock any chance whatever of beating Norris? I wish I could think so, but from all the information I have been able to gather it looks dubious.

I am, with kind regards, yours truly,

J. B. WOOTAN.

Of course, the fairy tale to which he refers about what happened to Senator NYE is all made out of the whole cloth; but it shows how anxious this Power Trust sheet was to get hold of something that it could publish. The writer of the letter was willing to come to Nebraska if he could be assured of getting facts that would make it safe to publish that falsehood and that lie. Then he showed where his heart was in the last paragraph of the letter and where the heart of the great Power Trust was and is now.

Mr. President, the Nye committee remained there and brought out evidence that startled the whole country. It showed that there was a conspiracy to prevent the voters of a great Commonwealth from having the right to express themselves on the senatorial candidate and that it was one of the most disgraceful episodes in the history of American politics.

The Nye committee remained there and developed the facts, and the answer to the insinuations in that letter all came from the evidence when the Nye committee showed that Victor Seymour had been planted in the capital, had rented an office, employed a stenographer, and had a whole lot of men traveling over the State, and that he was doing it secretly, under the guise of doing something else; that he himself had prepared a written statement for the bogus Norris to issue when he came out in the campaign; that he was the author of it and that it was written in his own handwriting. Yet on the witness stand he denied he had ever heard of it until he saw it in the newspapers; he denied that he had had anything to do with anybody's campaign, and said that he had not spent a dollar in any activity of this kind. He stands now indicted for perjury, and if justice shall have its way he will eventually be looking through the bars. There can be no escape.

MR. CONNALLY. Mr. President, will the Senator yield? The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Texas?

MR. NORRIS. I yield.

MR. CONNALLY. What connection did Mr. Lucas, the executive head of the Republican National Committee, have with reference to stirring up this man Seymour?

MR. NORRIS. Mr. Lucas was not connected directly with Seymour. He was connected with another occurrence almost as disgraceful in connection with the Nebraska election, but I have not gone into that because there is not any connection between Walter Head and Lucas, so far as I know. Walter Head is connected with the Power Trust.

MR. CONNALLY. I want simply to observe that I followed the Senator's progress in the campaign in Nebraska with a great deal of interest. I wanted to see him elected; I was reading all I could in the press at the time, and I had obtained the impression somewhere in some way that this man Lucas had been using the powers of his office to encompass the defeat of the Senator from Nebraska.

MR. NORRIS. That is all true. I think the means which he used were as disgraceful or almost as disgraceful as those which were used when they tried to put the bogus man with the same name in the campaign.

MR. CONNALLY. I agree with the Senator. Both of them aroused my utter condemnation and scorn as political performances. I thought both proceedings absolutely disgraceful.

MR. NORRIS. The story of the way Lucas was found out by the Nye committee, while not directly—and that is the reason I am not going into it, because it is not directly connected with the subject I am discussing—is just as interesting, and it shows the most disgraceful and obnoxious methods used by Lucas to cover up his tracks, to

conceal his methods, to conceal the use of money, methods just as bad as anything that ever occurred anywhere else in anybody's campaign.

Mr. LONG. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. I should like to mention this fact: The Senator from Nebraska was up for election at the same time I was in the State of Louisiana. I had been nominated by the Democratic Party, and when the Republican organization was carrying on its nonpartisan move against the candidate of its own party I was given to understand that an attack might be made on my nomination by the Democrats in the September primary because I had spoken over the radio and said that the Senator from Nebraska should be returned to this body, and he was not a member of my party.

Mr. NORRIS. I thank the Senator very much, and I may add that the great Power Trust is no respecter of parties. They do not care for the Republican Party or the Democratic Party or the Socialist Party or the Communist Party or any other party. They would do anything to get—that is what they are after—to get anybody who will do their bidding. He is the man they will support, and the evidence taken by the Federal Trade Commission shows that to be so. They prepare speeches for Democrats and speeches for Republicans to be delivered. They can condemn the Republican Party in as severe terms as any Democrat of the worst type would want them to do. They will fix it up to order, if you want them to, and they will do the same for the other party.

Mr. LONG. Is it not a matter of common knowledge that they planted their henchmen and tried to make two of them nominees of the Democratic Party in Chicago, one of them the head of the General Electric, Mr. Owen D. Young, and the other a lawyer from Cleveland, and tried to deadlock that convention and put them over on the party—heads I win and tails you lose—and before the people at the November election?

Mr. NORRIS. Yes, they do all those things; that is part of their business; they always employ somebody to do it; somebody like Walter Head, for instance, who they can say is the head of the Boy Scout movement, who teaches Sunday School every Sunday, who asks a blessing at his table at every meal—a great, prayerful man—that is the kind of man they want to use. And when they want a fellow to handle the underworld they get the type they want to do that. It does not make any difference to them—politics or anything else.

Walter W. Head financed the senatorial survey of 1930 and got a slice of the big profits of the Electric Bond & Share people provided by it for local directors during both 1929 and 1930. As a director of the Nebraska Power Co. he held 5,000 shares of the Nebraska Power Co. stock which he had been permitted to buy for \$2,500—50 cents a share. His dividend on this \$2,500 investment amounted to \$6,500 in 1929 and \$6,000 in 1930. The official statement of this profit is given in testimony of Examiner Meleen before the Trade Commission of March 22, 1932. Here is a quotation from his testimony:

In 1929 dividends were paid of \$1.30 per share, which, in the case of 5,000 shares, amounts to \$6,500, a return of 260 per cent. In 1930 dividends were paid of \$1.20 per share, and amounted to \$6,000 on 5,000 shares, or a return of 240 per cent.

That is what Walter Head got according to the transcript, March 22, pages 20215 and 20216. That is Walter Head, the Sunday-school man; Walter Head, the Boy Scout man; and through it all and in it all and with it all a Power Trust man.

NEBRASKA POWER CO.

Besides the profits accumulated through dividends and through fees imposed upon the subsidiary companies for supervision, construction, and the like, the Electric Bond & Share Co. interests, profits through the commissions on sales of securities, and besides this direct profit, they con-

trol the use of large amounts of subsidiary company funds for extended periods.

We have been told that one of the great advantages of a utility company being under the wing of a giant holding company is economy in borrowing money. Let us see how it works out. Properly done, I think, that would be true; in theory it is all right; if an honest man managed it, it would be all right; but here is the way it works out:

In the reorganization of 1917 the Nebraska Power Co. issued \$1,500,000 of notes along with other securities. These notes were to run for 10 years. They bore an interest rate of 5 per cent. Through them this Omaha company was obtaining the use of money at 5 per cent and had the right to continue doing so for 10 years; but instead of doing so the controlling interest caused \$400,000 of these notes to be retired only two years after they were issued by means of refinancing. The notes contained no provision for this, but the holder of them was the controlling holding company, and this company wanted cash. The bond issue which was used for the refinancing bore interest at the rate of 5 per cent like the notes, but when the bankers' discount, the commission of the Electric Bond & Share Co., and the expenses of the issue were deducted from the proceeds the real interest rate, or what the accountants call the effective interest rate, became 6.64 per cent.

There is an illustration, Mr. President. They already had money at 5 per cent that they had a right to keep for 10 years; but they took it out and borrowed money, nominally at the same rate, but the effect of the commission they had to pay made the new rate of interest nearly 7 per cent, all of which the consumers of electricity had to pay. The profit went to the holding company. The profit went to those who controlled the Electric Bond & Share Co.

Again, three years later, in 1922, the remaining \$1,100,000 of these notes were retired, again by refinancing. This time the refinancing was accomplished through an issue of 6 per cent debentures, on which the real or effective rate of interest amounted to 7.49 per cent. They owed over \$1,000,000, drawing 5 per cent, that was not due for about five years. They took it up and paid it, and to do it they borrowed the money, and they paid a rate of interest of 7.49 per cent to get that money to make the payment. Those are the people of efficiency! They are the people who we are told can run the big business of this country with great efficiency. That is efficiency for you! That is where monopoly becomes efficient. That is where the power trust shines—in that kind of efficiency. But the poor devil at the bottom who is paying for his electricity, the poor woman who is earning her money sewing at night by an electric lamp is paying the bill that all these millionaires slipped down into their pockets as profit.

The additional cost represented by the higher interest rate in these two instances amounted to \$33,950 a year for this one company, a total of \$180,000. Thus high rates of interest were substituted for low rates of interest in one instance eight years before it appears to have been necessary to refinance; in another instance five years before it appears to have been necessary to refinance. The subsidiary in Nebraska had to assume the burden of the higher interest rates.

If this looks like holding-company exploitation, consider the next instance cited by the Trade Commission.

Some years ago the Nebraska Power Co. issued \$1,100,000 of general mortgage gold bonds. Money rates were high at that time, and the bonds bore interest at the rate of 8 per cent. It would seem that to pay so high a rate the Nebraska Co. must have needed money badly; but from the records and the correspondence obtained by the Federal Trade Commission investigators it appears that the Nebraska Power Co. did not need money at all. It was the holding company that needed it. The Nebraska Power Co. did not even know—I wish Senators would listen to this—that it was borrowing any money until it was told about it by the Electric Bond & Share Co.

On June 10, 1921, the Electric Bond & Share Co. notified the Nebraska Power Co. by a letter that the Nebraska Power Co. was floating a loan in the principal sum of \$1,100,000.

It was being credited on the books of the holding company with \$951,500 as the estimated proceeds of the loan; and its account was being so credited as of May 1, 1921, or about 40 days before the Nebraska Power Co. heard anything about the deal.

Think of that, Mr. President! Oh, that is efficiency! Oh, that is the way private business can operate public utilities! So efficient! It is not affected by the dead hand of Government ownership. There is no socialism in it. There is no bolshevism in it. There is no communism in it. It is all pure, private efficiency, private ability.

Here is a holding company in New York which wanted some money. How much was it? Well, let us see. I think it was something over a million dollars—\$1,100,000—that they wanted; so they said, "Well, here, we will just have the Nebraska Power Co. borrow that for us. We own them. They are incorporated under the laws of Maine. We will send up there and tell the representative up there to have the Nebraska Power Co. borrow \$1,100,000."

So it is done. The Nebraska Power Co., away out in Nebraska, plodding along with the farmers and the merchants, did not know anything about it. They did not know that they had borrowed \$1,100,000. They had no idea about it. So from Wall Street the Electric Bond & Share Co. writes a letter and says, "Why, do not you know, you have borrowed some money? You have borrowed \$1,100,000. You have given your notes for it, and we credit you on our books for those notes." "How much?" "Nine hundred and fifty-one thousand five hundred dollars."

So the poor Nebraska Power Co. borrowed money when it did not want it, borrowed money that it never got, borrowed money amounting to \$1,100,000, and was given credit on the books of the Electric Bond & Share Co. in New York for only \$951,500. The balance was expense—selling their own loan, buying their own loan. They sold it for the Nebraska Power Co., and they bought it for themselves, and they charged them the difference between \$1,100,000 and \$951,500 for that work—for buying some bonds for themselves and getting the money themselves. Fine work! That is efficiency!

If a public utility owned by a little municipality should do such a thing as that, what would happen? Why, we would charter a vessel at once, and put the perpetrators on it, and send them over to Russia without opportunity to say good-bye to their wives. We would not stand for such an unpatriotic thing. But these men, these Sunday-school superintendents, these Boy Scout leaders, will borrow money, and they will saddle the burden upon the poor, down-trodden people who are paying all the money and all the expense of this outrageous and inhuman and unjustifiable conduct of millionaire monopolists.

Well, the Nebraska Power Co. found out that they had borrowed this money and they found out how much credit they were getting down in New York and Wall Street. They were notified in June that they had borrowed some money and that the Electric Bond & Share Co. had sold the bonds for them, and they had it, and they had given the Nebraska Power Co. credit for \$951,500 as of May 1. That was kind. That not only showed great ability but it showed great honesty and kindness and consideration for the poor devil at the other end of the line who has to pay the bill.

Their account was so credited as of May 1, 1921, or about 40 days before the Nebraska Power Co. heard anything about the deal. Meanwhile the American Power & Light Co., the subholding company for Electric Bond & Share, had issued and sold, partly on the security of these bonds which the Nebraska Power Co. had not known it was going to issue, \$3,500,000 of its own gold bonds. It was not until June 20 that the Nebraska Power Co. bonds were authorized by the Nebraska Power Co. directors.

On the \$1,100,000 bond issue by the Nebraska Power Co. there was a discount of 13½ points, or \$148,500, charged by the American Power & Light Co. There was an expense of \$650, and a year and a half later the bonds were retired.

Think of it! They were borrowing money when they did not need it, did not want it, and in fact did not know it, and they paid this enormous rate of interest for it, and they kept

the money only 18 months. So for the use for 18 months of \$951,500 which they apparently did not need, the Nebraska Power Co. paid a discount and expense of \$149,150, plus interest of \$132,000 on the principal amount of \$1,100,000, or a total of \$281,150. This was equal, the Trade Commission accountants report, to an interest rate of 19.71 per cent a year.

That is what these great financiers paid. They borrowed money when they did not want it and did not need it and did not know they got it; but they did borrow it, and they had to pay at the end of the transaction an interest rate of 19.71 per cent. That is what these poor Nebraska fellows were paying. That is what these fellows over in Council Bluffs, Iowa, were paying. That is what the washerwoman had to pay in order to feather the nest of this great trust in Wall Street. If anybody wants to look that up, it is Exhibit 5038, page 82. Even the poor farmer can borrow to better advantage than that.

Since the proceeds of the loan were merely applied against the indebtedness of the Omaha company to the holding company, and the average rate previously charged on this indebtedness was only 7½ per cent, the additional interest cost was \$119,000 a year, or a total of \$179,000. All of this added cost went to the holding company.

Again, in 1924 the Nebraska Power Co. floated securities to the amount of \$1,000,000. For these securities it received in net proceeds \$902,000; and the great bulk of this, \$825,000, was merely left with the Electric Bond & Share Co. to lend out in the call-loan market. Some of it was not drawn upon by the Nebraska Power Co. for five months.

Think of that! This holding company had the Nebraska Power Co. borrow some more money, a million dollars this time, and leave it with them, and they loaned it out on call—gambled with it, in other words. But the poor fellows who had to pay it, and who owed it all, after all, were the little home owners, the laboring men and women of Omaha and surrounding towns.

SALES TO SUBSIDIARY

The Nebraska Power Co. sells electricity to its Council Bluffs subsidiary. The price this Council Bluffs subsidiary pays to the Nebraska Power Co. becomes the basic cost for the fixing of rates in Iowa. On these sales the Nebraska Power Co. takes an estimated profit of 0.04 cent up to 0.63 cent per kilowatt-hour. Chief Counsel Healy intimated that this practice of exacting a profit on sales from the right hand to the left hand might be reached under the Supreme Court decision of February 29, 1932, in the case of the Western Distributing Co. against The Public Utilities Commission of Kansas. This decision appears to have broadened greatly the authority of State utility commissions to regulate charges between affiliated corporations.

Mr. PITTMAN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Nevada?

Mr. NORRIS. I yield.

Mr. PITTMAN. I ask permission to introduce a bill and have it properly referred.

Mr. BINGHAM. A parliamentary inquiry. If this permission is granted, will it constitute business which would make in order the calling of a quorum?

The PRESIDENT pro tempore. Undoubtedly.

Mr. PITTMAN. If there is to be an objection, I will not ask the permission.

Mr. NORRIS. Mr. President, the effect of the sales to the subsidiary is to permit the Nebraska Power Co. to collect two profits on this subsidiary's operations. It profits on the direct sales of energy and also on the dividends upon the subsidiary's common stock, which is held by the Nebraska Power Co. The dividends amount to slightly less than \$60,000 a year. Ultimately the profits, whichever way they may be made, redound to the benefit of the Electric Bond & Share or American Power & Light interests holding the common stock of the Nebraska Power Co.

RATES

Even after a reduction of domestic rates forced by the Omaha City Council in 1921 and a voluntary reduction of domestic rates in 1929-30, the average Omaha consumer is

paying 5.5 cents per kilowatt-hour for his electricity, according to the commission's examiners. The consumer in the small town pays 7.8 cents per kilowatt-hour and the farmer pays an average of 12.8 cents. (Transcript, March 9, p. 19661.)

That rate reductions have been inadequate is evidenced by this testimony of Examiner J. W. Adams:

Obviously the company's problem is, as stated by its manager, that of getting its rates down as a means of increasing consumption. Such action, however, would have to be carried somewhat further than it has in the past in the direction of rate reductions before it would tend to pass on to consumers any considerable part of large profits that hitherto have been retained for the common-stock equity. (Transcript, March 9, p. 19665.)

Adams's statement takes on more force when it is considered in conjunction with the record of Nebraska Power Co. earnings available for the common stock, which is so much "water," and for surplus. These earnings increased from \$829,940 in 1926 to \$1,755,303 in 1930. They are estimated to have increased about \$160,000 more in 1931, despite the depression. (Transcript, March 9, p. 19637.)

Adams sums up the situation when he says:

From this showing it appears that in making voluntary reductions in residential rates in Omaha in 1929 the company by no means endangered its ability to pay dividends on the common stock owned largely by its parent company, the American Power & Light Co. The fact is that in every year since the properties were taken over the Nebraska Power Co., after paying all expenses, taxes, interest, and dividends on preferred stock, has realized substantial profits for its common stock, the bulk of which, as shown by the accountant's report, was actually held by the American Power & Light Co. for nine years at no cost to itself. (Transcript, March 9, p. 19629.)

The company actually waged a prolonged fight for higher rates when its earnings fell off just after the war, although the Omaha City Council pointed out that the only result would be to make this "watered" common stock more profitable. (Exhibit 5038, Appendix 10, sheet 9.)

Its application for the rate increase was denied. The company spent \$95,000 on rate investigation and valuation, however, and charged it up to operating expenses. (Exhibit 5038, pp. 169-170.)

As I said a while ago, the poor consumer pays it all. It is nothing to the power company how much it pays for a contest over rates; they do not care, they are just collectors, that is all; and they charge a mighty big profit and commission for collecting. The poor consumer bears the entire burden.

WAR AGAINST MUNICIPAL PLANTS

Now see what happens to this municipal competition which is about the only means of regulating the charges and practices of the private companies. Speaking now of Nebraska, and the Nebraska Power Co. and its activities, municipal ownership centers in the two communities of Fremont and Blair. Blair is an oasis of public ownership in Washington County. Nearly all the rest of that county pays tribute to the Nebraska Power Co. Fremont is in somewhat the same position in Dodge County. Blair only distributes its energy, first buying it at wholesale from the Iowa-Nebraska Light & Power Co. Fremont has its own generating plant, serving the city itself and a small rural territory. These towns are 40 or 50 miles from Omaha.

The Iowa-Nebraska Light & Power Co., which sells at wholesale to the city of Blair, serves the territory adjoining that of the Nebraska Power Co. and its Council Bluffs subsidiary. It pretty well surrounds not only the territory of the Nebraska Power Co. but the municipal plants of Fremont and Blair and certain other municipal systems. This Iowa-Nebraska Light & Power Co. is not under Electric Bond & Share, as the Nebraska Power Co. is. It is part of the United Light & Power Co. system, otherwise called the Eaton-Schaddelee group. But its lines interconnect with those of the Nebraska Power Co. and the Nebraska Power Co. subsidiary in Council Bluffs. It buys energy from the Nebraska Power Co., and, more important, it has a "gentleman's agreement" with the Nebraska Power Co. for division of territory. Between the territorial limits of the two companies there is a neutral zone about 2 miles wide into which

either company may extend its lines and sell electricity. When a municipal plant can be persuaded to sell out or an opportunity is offered to land a new customer in this neutral zone representatives of the two companies get together and decide which shall have the business.

Against this background of common interest, the Nebraska Power Co. has expanded to the west and northwest in the Platte River Valley in the last few years by purchasing many small private and municipal distributing systems. Several of these systems formerly were served by the Fremont municipal plant, which sold them energy at wholesale.

The result of this expansion by the Nebraska Power Co. is that the Fremont municipal plant is entirely surrounded by Nebraska Power Co. lines. It has lost most of its outside market. But it has continued to operate and, under the law adopted by initiative in 1930, giving municipalities the right to own power lines beyond their municipal boundaries, it is extending its lines into rural territory. (Transcript, March 9, p. 19573.)

In its determination to expand and to put the municipal plants out of business, the Nebraska Power Co. has paid extravagant prices for these municipal plants. To get what idea it could of values, the Trade Commission examiners scrutinized exhibits prepared by the Nebraska Power Co. itself in connection with litigation in Nebraska. They found that, even accepting the company's figures, it had paid for seven plants over 30 per cent more than the estimated cost to reproduce them, without any allowance whatever for depreciation or for obsolete equipment.

There we have it, Mr. President. It took a good while to introduce it, to show what I was going to show, but here we have it. This great representative of the great Power Trust sees, 40 or 50 miles from Omaha, a city owning its own electric-light plant, paid for by its own citizens, giving an illustration, as a matter of fact, of cheap electricity to its citizens. It has expanded and extended its lines. It is serving seven or eight towns in the vicinity, where the people buy current at the Fremont plant and distribute it themselves.

What happens? The Nebraska Power Co. creeps out and surrounds that city with its wires, its network, and it goes to this municipality and to that municipality to buy their distributing system. What do they do? The Federal Trade Commission finds that they paid for those seven plants 30 per cent more than it would cost to build them now, without making any allowance for depreciation or wear and tear. Probably it would be fair to say that they paid 50 per cent more than the plants were worth.

That is poor business. Everybody knows that when that kind of a thing happens somebody must bear the loss. Like others of the extravagances and the bad financing of the Power Trust, it is the poor devil down in the humble home who has to bear the loss.

For the seven plants the company showed a reproduction cost new of \$103,783, compared with the purchase price of \$134,955. For the Cedar Bluffs group of plants there was shown a reproduction cost new of \$24,134 against a purchase price of \$35,000. For the Arlington municipal plant there was shown a reproduction cost new of \$27,285, compared with the purchase price of \$34,000.

The examiners point out that as none of these plants were new and there was no allowance for depreciation, the premiums the power company paid to get them out of the way were actually "considerably greater" than these figures show.

Roy Page, vice president and general manager of the Nebraska Power Co., admitted that the physical value was only a small part of the basis used for determining prices. (Transcript, March 9, p. 19578). A company official testified in the Nebraska litigation that as to certain properties no estimates of value whatever had been made prior to the purchases.

It seems clear that what the company was buying was: First, complete monopoly; second, freedom from regulation which operation of the municipal plants imposes; and, third, opportunity for unhampered profiteering.

Pointing out that the prices for municipal plants have been large and arbitrarily fixed, and that regulation is very limited, with the company admittedly fixing its own rates in the smaller towns, Examiner Adams declared that—

It is reasonable to assume that full prices paid for properties have been considered in any valuation of properties used by the company in determining what its small town rates shall be. (Transcript, March 9, pp. 19581 and 19582.)

INSTANCES CITED ARE ONLY EXAMPLES

Mr. President, this, of course, is only a sample. What the Nebraska Power Co. is doing in Nebraska is being done by the subsidiaries of the Power Trust all over the land. I have been giving concrete instances, but they are only examples. They are no worse than is going on everywhere. I could go over the sunny South in the same way and tell of one case, for example, where the Power Trust went to a municipality that owned its own system and offered to pay a price for it. The price was more than it would have cost to rebuild the plant. The voters voted on the proposal and turned it down. Hardly had the result of the election been announced when the Power Trust came forward with another proposal and a higher offer, and another election was called. The offer was turned down again. Then within a reasonable time after that happened they came forward with a third offer, in which they offered really three or four times more than the plant was worth; and the people voted to sell it. Every time they made a higher offer they got a few more votes, and they kept on until they got their offer so high that the people felt they could not refuse to sell.

What does it mean? It means monopoly. It means they do not want a municipally owned plant that will stand out as a yardstick. They do not want that known or shown any more than they want the discussion to take place in the Senate of the United States in regard to their great propaganda program which they have carried on for the last six or seven years. They will do whatever necessary to accomplish their end. It is the plant they want. They want to prevent such a municipally owned plant from showing to the people what can be done by a municipally owned and properly operated plant. They are afraid of the new yardstick. They have a monopoly and are willing to spend millions to keep it, but the money they spend is not theirs. It is collected in pennies from God's poor.

Mr. LONG. Mr. President, will the Senator yield again? I am really sorry to interrupt the Senator.

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. The very vicious attitude which the Power Trust has shown against Governor Roosevelt is one which some of us can not understand. Does the Senator attribute it to the position he has taken with reference to the ownership of power companies in the State of New York?

Mr. NORRIS. They will take that position against anyone. Let anyone say he is in favor of municipal ownership and he is a marked man so far as the Power Trust is concerned, and it does not make any difference whether he is a candidate for President of the United States or whether he is a candidate for the office of assessor in a country precinct. They are the kind the Power Trust want to defeat. Whenever anyone says or does anything officially or privately that conflicts with their interest and their wishes he is a marked man and he must get on his knees and beg for forgiveness and show by his action that he is willing to be their slave before they will look upon him with favor.

WHEN WILL THE PEOPLE TAKE ACTION?

Mr. President, although I have consumed a good deal of the time of the Senate, nevertheless I have only given the Senate a glimpse at certain spots in the United States, just a glimpse. I could cover the whole country and disclose the same things practically everywhere. Remember, too, as I said in the beginning, that this investigation is only partially finished. God only knows what the future has in store, Mr. President; but if the American people are to be trampled down into the earth by this greatest human

monopoly that was ever put together in the history of civilization, I am not willing to say what the result may be. Here in this year of depression, when nearly everyone is suffering, when millions are starving for something to eat, hundreds of thousands of women and children are without suitable clothing to wear, this great trust marches on and on, making its profit on a necessity of human life, and then says to us, and it has the influence to carry out what it says, "You dare not tax us, but you may tax the little fellow."

Some day, Mr. President, the people of the United States, it seems to me, will realize that this great octopus, this greedy monopoly, living on the pennies which are contributed by God's poor, stealing out of the school children's hands the pennies given to them by their parents, going into every home, into every little town, and taking their toll from the toil and sweat of millions of our people in order that they may debauch the very people they rob, presents a picture that ought to cause every man to raise his voice in condemnation of such an unholy, such a wicked, such an indefensible thing.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H. R. 12946) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program, in which it requested the concurrence of the Senate.

CHANGE IN THE DATE OF INAUGURATION

The VICE PRESIDENT laid before the Senate a letter from the Governor of Louisiana, together with a concurrent resolution of the Legislature of the State of Louisiana, relative to the proposed amendment to the Constitution of the United States fixing the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress, which were ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF LOUISIANA,
EXECUTIVE DEPARTMENT,
Baton Rouge, July 5, 1932.

Hon. CHARLES CURTIS,
Vice President of the United States,
United States Senate, Washington, D. C.

DEAR SIR: I have the honor to transmit herewith a duplicate original of Senate Concurrent Resolution No. 2, adopted by the Louisiana Legislature at its present session.

Yours very truly,

OSCAR K. ALLEN, Governor.

Senate Concurrent Resolution No. 2, relative to the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress. (By Mr. Peltier)

1. Whereas at the first session of the Seventy-second Congress of the United States of America it was resolved by the Senate and House of Representatives of the United States in Congress assembled (two-thirds of each House concurring therein) that the following article be proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as part of the Constitution, viz:

"ARTICLE —

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January and the terms of Senators and Representatives at noon on the 3d day of January of the years in which such terms would have ended if this article had not been ratified, and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission": Therefore be it

Resolved by the Legislature of the State of Louisiana, That the foregoing amendment to the Constitution of the United States of America be, and the same is hereby, ratified to all intents and purposes as a part of the Constitution of the United States.

2. That the Governor of the State of Louisiana is hereby requested to forward to the Secretary of State and to the presiding officer of the United States Senate and to the Speaker of the House of Representatives of the United States an authentic copy of the foregoing resolution. The clerk of the house and secretary of the senate are hereby instructed to send to the governor a certified copy of the action of the House and Senate on this resolution.

JNO. B. FOURNET,

Lieutenant Governor and President of the Senate.

ALLEN CLAUSER,

Speaker of the House of Representatives.

Approved, July 4, 1932, 8.45 p. m.

OSCAR K. ALLEN,

Governor of the State of Louisiana.

TAX ON FUTURE COMMODITY TRANSACTIONS

The VICE PRESIDENT laid before the Senate a telegram from Thomas Y. Wichkam, chairman of the Grain Committee on National Affairs, Chicago, Ill., which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

CHICAGO, ILL., July 11, 1932.

Vice President CHARLES CURTIS,

President of the United States Senate:

A grave situation has developed as a result of the utterly prohibitive tax of 5 cents on each \$100 value of future commodity transactions. This tax is a 400 per cent increase. The Purnell bill (H. R. 12886), which has the approval of major farm organizations, the Department of Agriculture, bankers, and the Nation's marketing institutions would put this tax back at 2 cents, still a 100 per cent increase. Genuine alarm prevails through agriculture and the agricultural trades that the startling restriction of markets may make it impossible to absorb the new incoming crops. The commodity exchanges of this country, being prevailed upon by the producers everywhere to aid in the situation, wish to advise those in authority that unless the Purnell bill, now in the House Ways and Means Committee, is enacted before Congress adjourns that there is real danger that during the heavy crop-movement period the weight of hedges may prove too great for the markets. As an agricultural emergency relief measure, we can not too strongly urge the necessity of reducing this tax to a level that will not paralyze the movement of commodities and state that an adjournment of Congress without such action can only be construed as utterly disregarding the welfare of agriculture in this pressing emergency.

GRAIN COMMITTEE ON NATIONAL AFFAIRS,
THOMAS Y. WICKHAM, Chairman.

Representing: Buffalo Corn Exchange, Chicago Board of Trade, Duluth Board of Trade, Kansas City Board of Trade, Milwaukee Grain & Stock Exchange, Minneapolis Chamber of Commerce, New York Produce Exchange, Omaha Grain Exchange, St. Louis Merchants Exchange, Grain and Feed Dealers National Association, Chicago Livestock Exchange, Chicago Mercantile Exchange, and New York Cotton Exchange.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of Edward Melve, of Sellersville, Pa., praying for a congressional investigation to determine who was the first conceiver (the inventor) of the wireless telephone invention, etc., which, with the accompanying papers, was referred to the Committee on Patents.

He also laid before the Senate memorials, and papers in the nature of memorials, from sundry citizens and organizations of the States of Massachusetts, Michigan, Minnesota, Ohio, Pennsylvania, Washington, and Wisconsin, remonstrating against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which were ordered to lie on the table.

Mr. SHEPPARD presented a resolution adopted by the First Mexican Christian Church of San Benito, Tex., representing 50 people, opposing the resubmission of the eight-

eenth amendment of the Constitution, and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

Mr. ASHURST presented a telegram from A. H. Strasser, Tucson, Ariz., which was ordered to lie on the table and to be printed in the RECORD, as follows:

TUCSON, ARIZ., July 13, 1932.

HON. HENRY F. ASHURST,

United States Senate, Washington, D. C.:

It is the earnest plea of the trainmen in this State that you gentlemen use your influence to prevent Congress from adjourning until the Costigan-LaGuardia bill "to provide emergency financing facilities for unemployment workers, to relieve their distress, to increase their purchasing power and employment, and for other purposes," is passed and signed by the President.

A. H. STRASSER.

THE BANKRUPTCY LAW

Mr. COOLIDGE. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a copy of a report by the New Bedford Bar Association of New Bedford, Mass., relative to the contemplated changes in the present Federal bankruptcy act contained in the new bankruptcy bill now under consideration by committees of the Senate and House of Representatives, and a copy of the resolution adopted by the New Bedford Bar Association.

There being no objection, the matter was referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

NEW BEDFORD BAR ASSOCIATION,
New Bedford, Mass.

GENTLEMEN: We, the committee of the New Bedford Bar Association appointed to study the contemplated changes in the present Federal bankruptcy act contained in the new bankruptcy bill now under consideration by committees of the Senate and House of Representatives, report as follows:

The proposed legislation, unless radically amended, should not have the association's approval, for, in our opinion, it has left unimproved many things that ought to be amended and improved and has incorporated many features which are either impractical or dangerous innovations.

We object specifically to the provisions of the new bill which authorize the Attorney General to appoint a number of administrators, not exceeding 10, at salaries not to exceed \$7,500 each, and also a number of examiners who are subject to civil service at salaries not to exceed \$4,000 each. We believe this to be an unwise extension of the present tendency of the Government toward multiplication of bureaus and bureaucratic control, with the attendant increase of expense, without holding forth any real hope or promise of improvement in the present system. We approve the provisions of the proposed legislation which require the referees to devote their time exclusively to their duties as such, and which enlarge their jurisdiction. We submit that if the new act should charge the referee with the duty of supervising in greater detail the administration of estates the necessity not only for administrators and examiners, but also for authorized trustees, would be obviated and there would be less division of responsibility.

Your committee is of the opinion that the provisions regarding suspended discharges can not be made to work effectively. We agree that many of the evils existing under the present law arise as a result of the inadequate provisions regarding discharges, but we believe that this situation can be remedied by amendments: (a) Which would place upon the bankrupt the complete burden of proving his right to a discharge rather than upon his creditors to prove that he is not entitled to it; (b) which would shorten the period within which a bankrupt is entitled to apply for his discharge; (c) which would allow the expense of objecting to a discharge to be paid by the estate.

Your committee does not approve in its present form the provision pertaining to assignments for the reason that the act gives to assignments the protection of the bankruptcy court without requiring the estate to be administered under the supervision of the court.

The committee therefore recommends the adoption of the following resolution:

"Be it resolved, That the New Bedford Bar Association, through its council, adopts the report of its committee appointed to study the proposed bankruptcy act and for the reasons contained in said report records its disapproval of the passage of the bill in its present form; and

"Resolved further, That we request that action on said bill should be delayed until the next session of Congress in order that opportunity may be had for further study of the proposed legislation in the light of the objections raised throughout the country."

SOLOMON ROSENBERG,
WM. B. PERRY, JR.,
SAMUEL BARNET,
WILLIAM S. DOWNEY,
Committee.
FISHER ABRAMSON,
Chairman.

FARM RELIEF

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD three addresses delivered July 9 by farm leaders of national standing. The first is by Edward A. O'Neal, president of the American Farm Bureau Federation; the second by Charles E. Hearst, vice president of the American Farm Bureau Federation; the third by Earl C. Smith, president of the Illinois Agricultural Association.

I hope every Senator will read these three addresses. In the main I agree with the statements made by these three farm leaders.

This session of Congress has been a busy one; it has faced a most serious situation; it has struggled earnestly to enact emergency relief legislation. But, Mr. President, this Congress has not done its duty. It has refused to deal with fundamentals. It has ignored what seems to me to be a plain fact, that unless and until agriculture is placed in position where the farmer as a whole can receive the cost of production for his products there can be no real relief; there can be no return of employment.

Wages are paid, in the last analysis, by basic commodities. The basic commodity-price level is too low. It is too low not so much because of surpluses as because our monetary system has broken down.

Mr. President, when these farm leaders plead for the passage of the Goldsborough bill to stabilize the purchasing power of the dollar, they are pleading not only for agriculture but for labor, for industry, for business generally. They are pleading for an honest dollar for the benefit of 90 per cent of the people of this country.

The Federal reserve system should be managed in the interest of the 90 per cent who are producers; not in the interest of the small percentage of the population who are primarily dealers in money.

The plea of these leaders for the enactment of the Norbeck bill, as an emergency measure to force higher prices for wheat, cotton, and hogs, should be heeded by this Congress.

I ask that these addresses be printed for the information of the country and the guidance of Congress.

The VICE PRESIDENT. Without objection, the addresses will be printed in the RECORD.

The matter referred to is as follows:

RADIO ADDRESS OF EDWARD A. O'NEAL, PRESIDENT AMERICAN FARM BUREAU FEDERATION, SATURDAY, JULY 9, 1932, WASHINGTON, D. C.

My friends, we are here in Washington, once more, in a final appeal to Congress to come to the rescue of agriculture; once more to demand that Congress not adjourn until it does something fundamental for the relief of agriculture and the Nation.

If this Congress adjourns without doing something effective to save agriculture, then next fall we, too, must cry out, like the prophet of old—

"The summer is ended; the harvest is past; and we are not saved."

But then it will be too late for Congress to repent of its folly that means that farmers would have to go through another year without relief.

How can they do that under present conditions, without unparalleled suffering and distress which may shake to its very foundation our whole economic structure?

Since I talked to you during the Farm Bureau party-line hour, a month ago, a new low record for farm prices has been recorded by the United States Department of Agriculture. Then its latest report showed that the index of farm prices was 56 per cent of the pre-war level; a record low. Since then, the index of farm prices has dropped to 52, the lowest point on record in this country.

It is reported that one of the largest wheat growers in the United States, who is harvesting 500,000 bushels, is receiving but 16 cents per bushel on board the cars, which will leave him but 8 cents after paying freight and commission charges. Cotton has reached the lowest level of prices in its history, and when harvest season comes, what will happen? The producer will not be able to sell some of it at all at any price unless something is done. The prices of wheat and cotton affect the prices of all other basic farm products. With half the Nation unable to pay its debts, its taxes, and its interest, and without money to buy the products of industry, then it must be evident that the welfare of the Nation is at stake in the restoration of farm prices. There are millions of people needing food and clothing, yet this is the condition. Senator BORAH said in the Senate yesterday, there is "no escape from chaos unless the Government stays the fall of commodity prices."

How can farmers exist on such price levels? How can they pay their taxes, maintain their schools and churches, pay the interest on their mortgages and other debts, and save their homes, on such prices? How can they buy the necessities of life for their families? How can our agriculture exist on such prices without being degraded to the level of peasantry?

Yet Congress and the administration, with the power to act to relieve this situation in a far-reaching and effective way, thus far have done nothing fundamental to remedy it. They seem to be concerned mainly with helping the railroads, the banks, the corporations, and the unemployed in the cities, forgetting that there can be no permanent recovery in this country until we start at the bottom and rescue agriculture, the basic industry of this Nation.

The bill to give a moratorium to foreign war debts was passed and signed within 6 days; the Reconstruction Finance Corporation act for the relief of the railroads, banks, and other corporations was passed and signed within 13 days; the Glass-Steagall bill for the further relief of the banks was passed and signed in 12 days; but agriculture has waited in vain for more than 7 months—more than 200 days—for some action on the constructive program of agricultural relief which we presented to Congress when it opened early last December.

Let me review for you briefly the record of this Congress and you be the judge of whether it has given agriculture a fair deal. I want to give Congress full credit for the little which it has done for agriculture.

The House passed the Goldsborough bill by a big majority, but the reactionary interests in the Senate thus far have blocked it. The tax bill in the main was fair to agriculture, although containing some unduly burdensome items. Our greatest victory, the defeat of the Federal sales tax, was a fundamental victory, a victory against the leadership in both great parties, a victory that was made possible because agriculture and labor, throughout the Nation, rose up in rebellion against it. Several minor credit measures were passed, which will be of some help to agriculture, but nothing has been done to raise the prices of farm products, so the farmers can pay their debts.

The Reconstruction Finance Corporation act and the proposed Garner-Wagner bill amending that act, if finally enacted, allocate to agriculture less than 5 per cent of the stupendous sum of over \$4,000,000,000 of public funds appropriated for relief purposes. The big interests have again defeated us in our efforts to control speculation in the marketing of our crops. In our fight for the equalization-fee principle, both Agricultural Committees, after long delay, reported our bill to the Senate and the House, but thus far the House has taken no action, and the Senate recommitted the bill to the committee.

Truly this is a poor record for Congress and the administration. Strange to say, we have been defeated to a large extent by the supposed friends of agriculture—those who ought to have been for us and for our program.

When the 3-way farm bill amending the marketing act was before the Senate, the motion to recommit was made by a Senator from a farm State, and 23 of the 38 votes for recommitment were Senators from predominantly farm States. Had only 5 of these 23 Senators voted against recommitment, our bill would have been saved. We might have had action on it this session. Now it will have to go over until the short session next December, unless Congress is held in session. Most of those who spoke on the floor of the Senate against various phases of our bill were from predominantly farm States—men who ought to have been with us.

In spite of these discouragements, we are fighting on. In the latter days of this session, seeing the danger of no legislation as a result of the long procrastination of Congress, we brought forward an emergency measure, sponsored in the House by Congressman RAINEY, and in the Senate by Senator NORBECK—a measure of an emergency character to tide over our farmers until something more permanent and more fundamental can be passed. It displaces in no way our fight for the equalization-fee principle. We are also making a final desperate effort to obtain action upon the Goldsborough bill for an honest dollar. But few hours are left of this session. Urge your Congressmen and Senators to get in quick action.

Our proposal for allocating Reconstruction Finance Corporation funds for financing the exports of farm surpluses has been included in the conference report on the Garner-Wagner relief bill and will become effective if that is finally enacted into law. This will be most helpful in removing the burden of accumulated surpluses.

I want to say right here that agriculture still has some stalwart friends in Congress—men who are sincere and loyal friends of the farmers, men who have labored earnestly and faithfully here during the past seven months trying to get something fundamental done for agriculture. The blame for Congress's inaction should not be laid upon them. But I am sorry to say there are many others who ought to have been with us and working for our program who have either openly fought our program or who have injured it by their indifference and inaction.

Since I talked to you a month ago, we submitted to the two great national parties our recommendations of fundamental principles for agriculture and the Nation. They gave us courteous hearings and several of our recommendations were adopted in the party platforms. I prefer to reserve an analysis of the platform until they are interpreted by the nominees whose duties are to interpret and carry out the platforms.

But I could not but be appalled and saddened by the fact that at neither of these national conventions, during the sessions which I attended, was there any delegate who stood up on the floor of the convention during the consideration of the platforms to raise his voice in behalf of distressed agriculture and plead her cause although a great many of the delegates had been elected to represent farm States where their farmers were faced with utter ruin.

On the Fourth of July, farmers in more than 10,000 communities throughout the nation, under the leadership of the American Farm Bureau Federation, assembled themselves together in Independence Day picnics in honor of George Washington and rededicated themselves anew to the ideals for which Washington stood.

On that day was sounded a call to the farmers of America to rally together for the preservation of American agriculture as the basic industry of this country. I declared war on the forces of economic greed and selfishness who have dominated this country too long, and who are unwilling that industry and agriculture shall have an honest dollar, who are unwilling that the farmers who produce the basic wealth of this Nation shall have a fair share of the consumer's dollar, a fair share of the national income. I declared war upon the unfaithful legislators and public officials who are willing to vote relief for all other industries but allow agriculture, our basic industry, to sink into ruin. I asked for 10,000,000 volunteers to help me in this struggle for economic freedom and equality for agriculture—a struggle not of violence but of ballots.

The time has come when we must assert ourselves in no uncertain terms. We must elect those who are true friends of agriculture, those who will pledge themselves to carry out our program. I ask your help. I ask you to join with us in this struggle. Let us find out who are our friends and who are not; who are for us and who are against us. Demand of your candidates for public office that they declare themselves on these great principles for which we are standing. Demand that they pledge themselves to support this program for the rehabilitation of agriculture. If they refuse, then give them your answer at the ballot box next November.

We can not win this struggle unless we are united, because our enemies are powerful and numerous. They have vast financial resources and powerful political connections. But if the farmers of America will stand together as one, we will win.

Agriculture must lead the way to the economic recovery of the Nation. It was the deflation of agriculture and the curtailment of her buying power which, more than any other one single factor, wrecked the prosperity of this Nation and brought us to the sad conditions in which we find ourselves to-day.

Why are the factories closed and their employees walking the streets vainly searching for work while their families subsist upon a meager public charity? Why are the great office buildings in New York, Chicago, and our other great cities desolated with deserted offices? Why are the banks failing, factories closing, and business stagnating? Because the buying power of nearly one-half of the population of this country, dependent upon agriculture, has been drying up for more than a decade. You can not cut off the buying power of more than 53,000,000 people without profound disaster to the entire Nation. Many of the greatest business executives of this country with whom I have talked recently now freely concede these facts.

Our great industrial and commercial structure collapsed because its foundation was undermined. We must build anew our economic structure so that such catastrophes as this will not occur. We must build a structure of agriculture, business, and industry founded upon a sound foundation. The chief corner stone of this foundation must be cooperation, equality of opportunity to all—the assurance of a fair share of the national income to each group in our Nation. Too long have we permitted the few to exploit the many. Too long have we allowed those who control the capital wealth of this country to take the major share of the profits, while the farmers who produce the basic wealth of the Nation and the laborers who contribute of their toil take the crumbs that are left.

Such conditions must not be again. After the close of the World War, when the body of the unknown soldier was being laid to rest in Arlington National Cemetery amid impressive rites, and the Nation stood with bowed head, silent in grief because of the loss of millions of heroes, the flower of its manhood, the President voiced the sentiment of a war-torn and war-sick world when he fervently declared, "It must not be again." So to-day, as we stand with our heads bowed in sorrow and anguish over the loss of so many homes and fortunes, when we survey the anguish and suffering, the human misery of the world growing out of this depression, we, too, feel constrained to send up a solemn resolve, "It must not be again."

The economic effect of this deflation is much worse than that war. The war cost thirty-five billions, but this cost about \$200,000,000,000.

May God hasten the day when our Nation shall be freed from greed and selfishness and when the principles of cooperation and economic justice to all shall prevail. I appeal to you of the city, town, and country, to join with us in the Farm Bureau in this great undertaking.

RADIO ADDRESS OF CHARLES E. HEARST, VICE PRESIDENT AMERICAN FARM BUREAU FEDERATION, SATURDAY, JULY 9, 1932, WASHINGTON, D. C.

The Goldsborough bill seeks to provide the Nation with a national monetary policy for the first time in its history. This

policy is to provide an honest dollar for agriculture, industry, and trade, a dollar that is stable in value, a dollar that measures the true exchange value of commodities instead of measuring only the supply and demand for gold.

Congress has never fulfilled the obligation imposed upon it by the Constitution of the United States. The Constitution directed the Congress to provide a stable currency. Any dollar which fluctuates in value from 64 cents one year to \$1.61 in another year is dishonest. Is there any stability of values when such fluctuations are permitted? The fluctuation in the value of the dollar since 1929 measured in commodity prices makes the debtor who borrowed \$100 in 1929 pay back \$202 to-day. Is there any justice in such a monetary standard?

The Goldsborough bill seeks to remedy this injustice by restoring to normal the purchasing power of the dollar and stabilizing its value at a fair level.

It declares the national monetary policy of the United States is to restore the purchasing power of the dollar to the average of the period 1921 to 1929, inclusive, and to maintain its purchasing power at that level. This to be accomplished by controlling the volume of credit and currency. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are charged with the duty of making effective this policy.

They already have the power to expand and contract the volume of credit and to expand and contract the volume of currency, but heretofore these powers have not been directed toward a basic national policy but have been subject to the individual opinions and wishes of these officials and influenced by the demands of various groups. The result has been that we have had a vacillating policy of inflation and deflation, with disastrous consequences to the whole Nation.

The House passed the Goldsborough bill by the overwhelming vote of 289 to 60. When the bill went over to the Senate the Committee on Banking and Currency sidetracked it by substituting a proposal sponsored by Senator GLASS, of Virginia. The Glass proposal is a mere makeshift, which does not go to the root of the trouble, but was offered, according to the Senator's own published statement, for the purpose of stopping the Goldsborough bill. His proposal allows the national banks to issue currency on the basis of Government bonds owned by them. It is estimated that a maximum of about \$1,000,000,000 in additional currency could be issued under the Glass proposal. This might do temporary good, but obviously it does not go to the base of the problem. It prescribes no policy to guide the extent to which this currency shall be issued; each bank can do as it pleases in this regard. It establishes no national monetary policy. It does nothing to prevent the recurrence of these periodic inflations and deflations. It utilizes only one method of expansion of the currency, a method which is rather expensive, costing the people about \$40,000,000 to issue it, if the maximum amount is issued. It is obvious that this proposal is a banker's bill and not one which will bring its first benefits to our citizens.

The Glass substitute is now pending before the Senate. The session of Congress apparently is drawing rapidly to a close. Despite our repeated insistence, no action has been taken by the Senate on the Goldsborough bill. Many Senators would like to vote for it, but have not been given an opportunity because of the action of the committee in substituting the Glass proposal.

Obviously if this type of legislation is to be secured there must be prompt action on the part of the Senate. In order to get something done before adjournment our friends in the Senate are trying to get action on the Glass substitute—if necessary, pass it through the Senate, in order to get the two measures in conference between the two Houses, at which time there is hope that a satisfactory compromise can be agreed upon which will receive the approval of both Houses. That is what we are hoping and working for now. We are demanding that something be done now before adjournment and before the whole Nation is ruined by the onward march of the deflation.

This Congress has done but little for agriculture, despite the valiant efforts of some of our staunch friends in Congress. It has passed a lot of so-called relief measures, but few of their benefits have percolated down to the farmers and the masses of the people. Little fundamentally has been done to correct the economic catastrophe which threatens to overwhelm us. "Credit" has been the magic key with which this Congress and this administration has sought to solve all our economic ills. Credit has been the panacea for all evils which beset us. A foreign government has been given a moratorium, the banks, railroads, insurance companies, and other corporations have been doled out credit through the Reconstruction Finance Corporation, a small portion of which went to agriculture for limited purposes. Again the banks have been extended further credit facilities through the Glass-Steagall bill. The farmers have been extended a few credit measures.

But still the depression goes on; prices sink lower and lower. The forced liquidation of real estate in city and country continues. Unemployment increases. Industry stagnates, banks fail, agriculture remains prostrate.

The mere extension of credit does not go to the root of our troubles but merely postpones for a time the evil day. Soon it is necessary to come back again and ask for more credit to postpone it still longer, and thus the process continues until final ruin overtakes many, while the strongest are able to survive only with heavy losses.

Something more fundamental must be done than to extend credit. We must strike at the root of the evil—the deflation of our prices to their present ruinous levels. Something must be done to restore the commodity-price level, so debts can be repaid, so the farmers' purchasing power will be restored, so our factories

can reopen and put to work our unemployed. There will be no trouble about balancing the Government Budget when we do something fundamental to balance the citizens' budgets. A restoration of the price level, and not credit, is necessary in order to bring this about.

The Goldsborough bill would give immediate and effective relief not only to agriculture but to industry and to labor by restoring the commodity price to a normal level.

RADIO ADDRESS OF EARL C. SMITH, PRESIDENT ILLINOIS AGRICULTURAL ASSOCIATION, SATURDAY, JULY 9, 1932, WASHINGTON, D. C.

While pleased to avail myself of this opportunity to speak over the National Broadcasting chain, yet, in these crucial hours and days we are passing through, I feel as never before the responsibility one carries who attempts to discuss vital issues of the day. Not only the future welfare of agriculture but the principles of our Government are hanging in the balance. It is, therefore, imperative that the great majority of our citizens who are yet wanting to be fair come to a full understanding as to the cause of the present situation and the forces that are operating to retard recovery from the present depression.

After 12 years of continued deflation in agriculture, we are witnessing what has long been predicted—the complete collapse of our business and financial structure. Any industry which comprises in large part the sources of new wealth can not long be ignored or neglected without a situation presenting itself such as we have to-day.

Throughout these years agriculture, while only partly organized, has honestly and aggressively presented its problems and remedies at council tables with leaders of the State and Nation. With very few exceptions, the answers to these appeals have been the answers of those in control of the finances of the Nation. Farmers have not been given what they asked for but rather have been given palliatives which were doomed to failure at the outset. These programs have not only failed to revive agriculture but have operated to cause many well-thinking people to believe that legislation is not essential to bring about the stabilization of agriculture and prosperity of farm people.

The present Congress has given practically its entire attention to legislation having for its purpose assistance and relief to the large financial and industrial interests of the Nation.

The basic industry of all, agriculture, has been either neglected or ignored. Recognizing this situation and the fast approaching close of Congress, the American Farm Bureau Federation prepared a very simple, practical emergency measure having for its purpose the immediate price improvement of agriculture's three largest crops—hogs, wheat, and cotton. This measure was introduced in the House by Representative HENRY T. RAINEY, of Illinois, majority leader of the House, and in the Senate by Senator NORBECK, of South Dakota, chairman of the Senate Committee on Banking and Currency. We have appeared before the agricultural committees of both House and Senate in executive session to explain this measure and its purposes. Following these meetings the committees reported the measure to the House and Senate, where they now rest on the calendars. We are insisting that Congress not adjourn until it has taken action on this emergency legislation.

Briefly the measure proposes through the issuance of negotiable certificates to give to the farmer the full benefit of the tariff on that portion of his production needed for domestic consumption. This in addition to the present price he is receiving.

It would increase his present returns by 42 cents a bushel on wheat, 2 cents a pound on hogs, and 5 cents a pound on cotton.

It would not cost the Government Treasury one penny, as all revenue necessary to absorb the increased returns to farmers is realized through a tax imposed at the point of processing these commodities.

In practical operation the present channels or system of distribution could and would easily absorb this tax, which is imposed in an amount equal to commodity tariff rates.

On these three commodities alone, nearly 3,000,000 farmers would have an increased cash income of approximately one-half billion dollars within the next year.

Economists tell us that such price improvement on these three basic crops would cause or influence an increase in price levels of other agricultural commodities equal to another \$500,000,000.

This legislation has been discussed with many leaders and Members of Congress, several administrators of Government, and many business leaders of national reputation. With hardly an exception they admit this legislation will accomplish what is claimed for it by its authors and sponsors. Practically every thinking person now recognizes that the price improvement of agricultural crops and consequent increased return to farmers is an essential to assist in getting America started out of the present depression.

Raise the price levels of basic farm products, thereby adding \$1,000,000,000 to the buying power of agriculture in the next year, and you will again start the wheels of industry, restore jobs to hundreds of thousands of unemployed in the cities, and inspire the whole country with a new confidence and hope for the future.

With such admitted facts it would seem inconceivable, nevertheless it is true that Congress is fast approaching adjournment and yet addresses its attention to relief legislation which is almost totally confined to further relief for large industrial, commercial, and banking institutions.

If agriculture is to receive proper attention in this emergency, farmers of the Nation must rise up and immediately demand that their representatives in Congress actively participate in the move-

ment to block adjournment of Congress until this or other equally effective emergency legislation is enacted into law.

Surely Congress will assume a grave responsibility if it adjourns without action upon proper and effective measures necessary to assist farmers in getting to their feet, and allows the ruinous condition now confronting farmers to longer continue in their destructive effects, not only upon agriculture but upon the Nation.

ENROLLED BILL PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, July 14, 1932, that committee presented to the President of the United States the enrolled bill (S. 3276) to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 4975) granting a pension to Lemuel T. Wilson (with accompanying papers); to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 4976) granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the South Fork, Forked Deer River, on the Milan-Brownsville Road, State Highway No. 76, near the Haywood-Crockett County line, Tenn.; to the Committee on Commerce.

By Mr. STEPHENS:

A bill (S. 4977) for the relief of certain Mississippi Choctaw Indians; to the Committee on Claims.

By Mr. JOHNSON:

A bill (S. 4978) granting a pension to Alfred Call, jr. (with accompanying papers); to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 4979) providing for advances to unemployed veterans on their adjusted-service certificates, and for other purposes; to the Committee on Finance.

SIX-HOUR DAY FOR EMPLOYEES OF CARRIERS

Mr. PITTMAN. Mr. President, I desire to introduce a bill, and ask for its reference to the Committee on Interstate Commerce. I know there will be no action on it now, but I want to have it available for study during the adjournment.

The bill (S. 4980) to establish a 6-hour day for employees of carriers engaged in interstate and foreign commerce, and for other purposes, was read twice by its title and referred to the Committee on Interstate Commerce.

By Mr. HOWELL:

A joint resolution (S. J. Res. 204) to provide transportation and travel subsistence to World War veterans temporarily quartered in the District of Columbia; to the Committee on Appropriations.

CLAIM OF MISSISSIPPI CHOCTAW INDIANS

Mr. STEPHENS submitted the following resolution (S. Res. 275), which was referred to the Committee on Claims:

Resolved, That the bill (S. 4977) entitled "A bill for the relief of certain Mississippi Choctaw Indians," now pending in the Senate, together with all the accompanying papers, be, and the same is hereby, referred to the Court of Claims, in pursuance of the provisions of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; and the said court shall proceed with the same in accordance with the provisions of such act and report to the Senate in accordance therewith.

AGRICULTURAL RELIEF

Mr. BINGHAM. Mr. President, I desire to enter a motion to reconsider the vote on the passage of the bill (S. 4940) to provide temporary aid to agriculture for the relief of the existing national economic emergency. Also I make the motion provided by the rule that the House be requested to return the bill to the Senate.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). The question is on agreeing to the motion of the Senator from Connecticut.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	La Follette	Schall
Austin	Frazier	Lewis	Sheppard
Bailey	George	Long	Shipstead
Barbour	Glenn	McKellar	Shortridge
Barkley	Goldsborough	McNary	Smoot
Bingham	Gore	Metcalf	Steiwer
Blaine	Hale	Morrison	Stephens
Borah	Hastings	Moses	Thomas, Idaho
Bulkeley	Hatfield	Neely	Townsend
Bulow	Hayden	Norbeck	Trammell
Byrnes	Hebert	Norris	Tydings
Capper	Howell	Nye	Vandenberg
Cohen	Johnson	Patterson	Wagner
Connally	Jones	Pittman	Walcott
Costigan	Kean	Reed	Walsh, Mass.
Couzens	Keyes	Robinson, Ark.	Watson
Davis	King	Robinson, Ind.	White

The VICE PRESIDENT. Sixty-eight Senators have answered to their names. A quorum is present. The question is on the motion of the Senator from Connecticut that the House be requested to return the bill S. 4940 to the Senate.

Mr. NORBECK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORBECK. Is this a motion to reconsider the vote by which the bill was passed.

The VICE PRESIDENT. It is a request to return the papers.

Mr. NORBECK. But for what purpose? Is the purpose stated?

The VICE PRESIDENT. It is a part of the motion entered to reconsider the vote by which the bill was passed.

Mr. NORBECK. Is the motion debatable?

The VICE PRESIDENT. It is not. The question is on the motion of the Senator from Connecticut.

Mr. BINGHAM. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I am advised that he would vote as I intend to vote. Therefore I feel at liberty to vote and vote "nay."

Mr. KING (when his name was called). I have a general pair with the junior Senator from New Mexico [Mr. CURTING]. I transfer that pair to the junior Senator from Massachusetts [Mr. COOLIDGE], and will vote. I vote "yea."

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. SCHALL (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. THOMAS]. I understand that he would vote as I intend to vote. I therefore feel at liberty to vote and vote "nay."

Mr. SHORTRIDGE (when his name was called). Reannouncing my general pair with the senior Senator from Montana [Mr. WALSH], and not knowing his views on this question, I may not vote. If permitted to vote, I should vote "nay."

Mr. STEIWER (when his name was called). On this question I have a pair with the senior Senator from New Mexico [Mr. BRATTON]. In his absence I withhold my vote. If permitted to vote, I should vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. WATSON (when his name was called). In the absence of my general pair, the senior Senator from South Carolina [Mr. SMITH], and not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. GLENN. I have a general pair for the remainder of the session with the junior Senator from Washington [Mr. DILL], who is necessarily absent, and, therefore, I withhold my vote.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote.

Mr. BLAINE. I have a general pair with the junior Senator from Kansas [Mr. MCGILL], and therefore withhold my vote.

Mr. BINGHAM (after having voted in the affirmative). On account of my general pair with the junior Senator from Virginia [Mr. GLASS], who is necessarily absent, and being unable to obtain a transfer, I withdraw my vote.

Mr. BULKLEY. I am paired with the junior Senator from Wyoming [Mr. CAREY], who is absent. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. McNARY. I wish to announce the following general pairs:

The Senator from Ohio [Mr. FESS] with the Senator from New York [Mr. COPELAND];

The Senator from Nevada [Mr. ODDIE] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Vermont [Mr. DALE] with the Senator from Alabama [Mr. BANKHEAD];

The Senator from Iowa [Mr. BROOKHART] with the Senator from Missouri [Mr. HAWES];

The Senator from Colorado [Mr. WATERMAN] with the Senator from Tennessee [Mr. HULL]; and

The Senator from Iowa [Mr. DICKINSON] with the Senator from Kentucky [Mr. BARKLEY].

The result was announced—yeas 30, nays 25, as follows:

YEAS—30

Ashurst	Gore	Metcalf	Tydings
Bailey	Hale	Morrison	Vandenberg
Barbour	Hastings	Moses	Wagner
Byrnes	Hebert	Patterson	Walcott
Cohen	Kean	Reed	Walsh, Mass.
Couzens	Keyes	Smoot	White
George	King	Stephens	
Goldsborough	Long	Townsend	

NAYS—25

Austin	Hatfield	Neely	Schall
Bulow	Howell	Norbeck	Sheppard
Capper	Johnson	Norris	Shipstead
Connally	Jones	Nye	Trammell
Costigan	La Follette	Pittman	
Fletcher	Lewis	Robinson, Ark.	
Frazier	McKellar	Robinson, Ind.	

NOT VOTING—41

Bankhead	Carey	Harrison	Steiwer
Barkley	Coolidge	Hawes	Swanson
Bingham	Copeland	Hayden	Thomas, Idaho
Black	Cutting	Hull	Thomas, Okla.
Blaine	Dale	Kendrick	Walsh, Mont.
Borah	Davis	Logan	Waterman
Bratton	Dickinson	McGill	Watson
Brookhart	Dill	McNary	Wheeler
Broussard	Fess	Oddie	
Bulkeley	Glass	Shortridge	
Caraway	Glenn	Smith	

So the House was requested to return the papers.

PAY OF PAGES

The VICE PRESIDENT. The Chair lays before the Senate a joint resolution from the House of Representatives, which will be read.

The joint resolution (H. J. Res. 475) making an appropriation for the payment of pages for the Senate and House of Representatives from July 16 to July 25, 1932, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to provide for the payment of 21 pages for the Senate and 41 pages for the House of Representatives at the rate provided by law from July 16 to July 25, 1932, both dates inclusive.

Mr. JONES. Mr. President, the joint resolution merely extends the time for payment of the pages from July 16 to July 25. It looks as though we are not going to adjourn immediately, and I ask unanimous consent for the immediate consideration of the joint resolution.

Mr. KING. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. Will this request, if agreed to, displace the unfinished business?

The VICE PRESIDENT. It would not.

Mr. KING. If it would, I should object to the consideration of the joint resolution.

The VICE PRESIDENT. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed.

ENTRY UNDER BOND OF CERTAIN EXHIBITS

The VICE PRESIDENT laid before the Senate the amendments of the House to the bill (S. 4747), to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea, which were on page 2, line 20, to strike out all after "date" down to and including "use" in line 24; and on page 3, line 8, after "Treasury," to insert: "*And provided further, That all such articles shall, at the expiration of two years, be subject to the impost duty then in force, unless the same shall have been sold or exported from this country prior to that period of time.*"

Mr. WAGNER. I move that the Senate concur in the House amendments.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House further insisted upon its amendment to the amendment of the Senate No. 1 to the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, and further insisted upon its disagreement to the amendment of the Senate numbered 2 to the bill.

EMERGENCY UNEMPLOYMENT RELIEF

The PRESIDING OFFICER (Mr. VANDENBERG in the chair) laid before the Senate the action of the House of Representatives further insisting upon its amendment to the amendment of the Senate numbered 1 to the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, and further insisting upon its disagreement to the amendment of the Senate numbered 2 to the bill.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate insist on its disagreement to the amendment of the House to Senate amendment numbered 1, that it further insist upon its amendments numbered 1 and 2, and that it ask a further conference with the House, and that the Chair appoint the conferees on the part of the Senate.

Mr. CONNALLY. Mr. President, what particular amendments are the ones upon which we are asked to insist?

Mr. ROBINSON of Arkansas. The disagreement reported was an entire disagreement.

Mr. GLASS. There is but one amendment.

Mr. CONNALLY. I thought I understood the motion to apply to two amendments.

Mr. ROBINSON of Arkansas. The House made only one amendment to the Senate bill. The conference reported a complete disagreement.

Mr. CONNALLY. The reason for my inquiry is that I had understood the House was insisting on the publicity amendment and that the Senate conferees were resisting it. I do not want to be placed in the position of now voting to insist on disagreeing to the publicity amendment if that is what is holding up agreement on the bill.

Mr. ROBINSON of Arkansas. Actually it is my information that an agreement was in sight upon every subject except the publicity amendment, but the report as made to the House was a complete disagreement.

Mr. CONNALLY. The effect of it is that what the Senate conferees are standing out against is the publicity amendment which was adopted by the House. I, as one Senator, do not want to be placed in the position of blocking all relief legislation because the Senate is unwilling to agree to the publicity amendment placed on the bill by the House.

Mr. ROBINSON of Arkansas. I think it would be in order, if the Senator wishes to do so, to move to instruct the Senate conferees to yield with respect to that subject.

Mr. CONNALLY. I intend to make a parliamentary inquiry about that matter before I shall give up the floor, to ascertain whether that would be in order.

Mr. ROBINSON of Arkansas. I believe I have the floor, but I have done about all I can do with the matter for the present.

The VICE PRESIDENT. The Senator from Texas is recognized.

Mr. CONNALLY. Mr. President, I think the Senate will place itself in a very untenable position if the Senate takes the position that it is going to defeat relief legislation unless the House of Representatives recedes from the amendment providing for publicity with relation to loans to be made by the Reconstruction Finance Corporation. The money which the Reconstruction Finance Corporation is going to loan does not belong to that corporation. It does not belong to Mr. Hoover. It does not belong to Senators. It belongs to the people of the United States. For one, I believe that under proper safeguards, not during the pendency of the loans perhaps, but after the loans are made, the Senate and the country ought to have information as to what the loans are and who are getting the loans. It is public money. The people of the country, according to the information I can get from the country, are just about gorged already with the dishing out of billions of dollars by the Treasury to certain particular favored interests.

Mr. McKELLAR. Mr. President—

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Tennessee?

Mr. CONNALLY. I yield.

Mr. McKELLAR. I want to ask the Senator if the banks which borrow the money do not have to make reports any way to the Comptroller of the Currency and does not every borrowing from the Reconstruction Finance Corporation have to become public anyway?

Mr. CONNALLY. I do not know about the exact character of the reports required to be made to the Comptroller of the Currency.

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Arkansas?

Mr. CONNALLY. I yield.

Mr. ROBINSON of Arkansas. Of course, the Senator understands that I have no objection to the fullest possible publicity. I want to point out that there would be in the bill a provision requiring full publicity as to all loans made under the act, and that we have already passed a resolution creating a special committee of five to investigate all loans made by the Reconstruction Finance Corporation, and that while the investigation could be executive, the committee would have full power to publish any information they obtain. There is also pending a separate resolution of the Senate, being the resolution of the Senator from Nebraska [Mr. NORRIS], which has been presented and discussed to some extent, which would enable the Congress to provide the publicity that is provided for in the House amendment. What I am seeking to avoid is just such condition as arose here a week or two ago, when, on account of a difference, the bill was vetoed.

Mr. CONNALLY. Does the Senator agree with the policy of having the President tell us in advance just what we may pass?

Mr. ROBINSON of Arkansas. Certainly not!

Mr. CONNALLY. Is not that in effect the course we are to follow if we meet the wishes of the White House?

Mr. ROBINSON of Arkansas. Having been advised that the bill would be vetoed if a certain provision was retained—

Mr. CONNALLY. Did the President convey that information by message?

Mr. ROBINSON of Arkansas. Oh, no. I am referring now to the veto that has already occurred in connection with the bill. Having been advised that the veto would be made, I think it would have been the part of wisdom to have modified the bill so as to pass it then. I have no information that the President would veto the bill if the publicity provision were retained in the House amendment.

I have no information that the President would veto this bill if the publicity provision were retained as incorporated in the bill by the House. What I am seeking to say is that

we ought not to get into a deadlock and that if it be true that such a provision would prompt a veto, it would be a mistake to insist upon the retention of that provision in this bill, particularly in view of the publicity provisions that are already in the bill and of the resolution which has already been passed and the fact that we can determine the question of the publicity separately if we desire to do so. In other words, I want to pass this bill. I am weary of controversies that ought to be eliminated or that can be eliminated.

I am perfectly willing that the conferees should take this matter back and reach an agreement. I think they ought to reach an agreement, and I think they will reach an agreement. If the Senator wishes to move to instruct the conferees to yield on the publicity point, we can test out here the sense of the Senate, and I myself will not resist it.

Mr. GLASS. Mr. President, if I may intervene—

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Virginia?

Mr. CONNALLY. I yield.

Mr. GLASS. I have no objection, as one of the conferees, to being instructed.

Mr. CONNALLY. The House has just voted on this proposition again, and reinforced its attitude, and stated that it would not recede from the publicity amendment; and yet Senators here are asking to have another conference, when it is admitted that the only real point of difference is the publicity provision.

I want to say, Mr. President, that I do not approve of the position of Senators finding out in advance just what the White House wants and then insisting on not passing anything except what has been handed down to us with the approval of the White House. It is the duty of the Senate and the duty of the House to enact legislation which meets with our views of soundness and of propriety. If the President wants to veto it, that is his constitutional function. The way to convey information to the branches of the Congress by the White House is through a presidential message. This backstairs arrangement by which the President, through his emissaries, is seeking constantly to instruct the Congress and to threaten the Congress with what he will do unless the Congress passes exactly what he dictates is not at all in harmony with American traditions and American institutions.

Mr. BYRNES and Mr. GLASS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield first to the Senator from South Carolina.

Mr. BYRNES. I should like to ask the Senator from Texas whether he intends to offer a motion to instruct the conferees?

Mr. CONNALLY. I may or I may not. I will get to that a little farther on.

Mr. GLASS. I suggest to the Senator that, unless he wants to sacrifice all provisions of the bill put in by the Senate which were not contained in the House bill, we will have to have another conference.

Mr. CONNALLY. I am not objecting to another conference, but when the conferees go back I am interested in what they are going to do.

Mr. GLASS. No; the Senator is now proposing without any qualification to sacrifice every provision that the Senate put in the bill and to agree to the House bill?

Mr. CONNALLY. Oh, no. The Senator from Texas is not proposing to sacrifice anything; but the Senator from Texas wants to remove the obstacle to an agreement if the only obstacle is publicity.

Mr. GLASS. Why does the Senator not move to instruct the conferees?

Mr. CONNALLY. I do not want to move to instruct them now because the Senate perhaps at this moment is not in the temper to instruct them. The Senator from Virginia would vote against instructing them.

Mr. GLASS. I have no objection—

Mr. CONNALLY. Would the Senator vote to instruct them? Oh, no; the Senator would not.

Mr. GLASS. I say I have no objection to being instructed.

Mr. CONNALLY. But the Senator would vote against instructing the conferees; so would the Senator from Arkansas, and so will other Senators.

I should like to make a parliamentary inquiry.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Texas first proposed a parliamentary inquiry.

Mr. CONNALLY. While the conferees are out, before bringing any report back to the Senate, is it in order at any stage of the proceedings to move to instruct the conferees as to points in disagreement?

The VICE PRESIDENT. Not after the conferees have been appointed.

Mr. CONNALLY. Not after they have been appointed?

The VICE PRESIDENT. No. The time to make such a motion is after the pending motion shall have been agreed to, to send the bill to conference, and before the appointment of the conferees.

Mr. CONNALLY. There is just one little fitting moment when it can be done. When they once get the bill and go off in a room there is no power that the Senate has to control them unless they come back and ask for instructions. Is that correct?

The VICE PRESIDENT. That is correct.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LEWIS. I have been called out, and have just returned at the moment when this very agreeable altercation between Hercules and Achilles is being conducted in the highly Grecian style which was emulated with joy by the Romans; but I do not understand, in this very agreeable verbalistic combat, what is the question before the Senate.

The VICE PRESIDENT. The pending question is the motion of the Senator from Arkansas to insist upon the Senate amendments to the House bill and ask for a conference.

Mr. LEWIS. I thank the Chair.

Mr. COUZENS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Michigan?

Mr. CONNALLY. I yield.

Mr. COUZENS. I should like to ask the Senator from Arkansas, with the permission of the Senator from Texas, if the House provision makes the publicity provision retroactive, or is it just in the future?

Mr. ROBINSON of Arkansas. I think it is retroactive.

Mr. WAGNER. It is in the future.

Mr. ROBINSON of Arkansas. I am informed by the Senator from New York that it is effective for future loans.

Mr. COUZENS. Only for future loans?

Mr. WAGNER. Mr. President, will the Senator from Texas yield?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from New York?

Mr. CONNALLY. I yield.

Mr. WAGNER. I merely wish to express confidence that the conferees will reach an agreement in a very short time. I do not want to deter the Senator if he wants the conferees instructed. Of course, I have no objection to that; but I am expressing my own individual opinion when I say I am very confident of an agreement being reached in a short time.

Mr. McKELLAR. Mr. President, will the Senator permit me to ask a question of the Senator from New York?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Tennessee?

Mr. CONNALLY. I yield.

Mr. McKELLAR. I should like to ask the Senator from New York, does he believe that the publicity provision will be stricken out by the conferees? I am very much in favor of the publicity provision of the House bill.

Mr. WAGNER. Again expressing an individual opinion only, I do not think it will be. That is my individual opinion.

Mr. McKELLAR. I certainly hope it will not be.

Mr. CONNALLY. Mr. President, I do not want to take up much more of the Senate's time, but while I am on this subject I want to make a few more remarks.

Suppose the President of the United States does veto the relief bill because of the clause providing for publicity respecting Reconstruction Finance Corporation loans, whose responsibility will it then be if this bill shall fail? The responsibility will not rest upon the Congress; it will not rest upon the House of Representatives or the Senate; it will rest squarely on the doorstep of the White House. The President, up to date, has had his way in dictating to the Congress the exact form, the exact outlines, the exact substance of the relief bill in its general provisions. If the President wants to take the responsibility of vetoing this bill, let him veto it, and let the country know where the responsibility rests.

What will his objection be? He will veto it on the ground that it will be wrong to let the people know where their money is going, being loaned by a board under the control of the President, by a board that can be removed by the President in a moment, by a board that is now dominated by the President, and by a board into whose affairs the President already on more than one occasion has intervened with reference to loans pending before them. Why should the President be afraid of the publicity of what that board may do? Why should the board be afraid? If the loans they make are based upon adequate security, if they are to concerns engaged in business or industry, giving employment to the unemployed, why should anybody fear publicity? Why is it unsound?

I want here and now to state that, in my opinion, this whole proceeding by which we have introduced into our system a new plan of Executive legislation, Executive dictation in advance of what legislation shall be, is un-American. I am surprised that some Senators, who on ordinary occasions are so courageous and so bold, should offer on the floor of the Senate an argument that unless we draw this bill exactly in a precise form it will possibly meet a presidential veto. Let the President perform his functions; let the Congress perform theirs; and when he sends his messenger here to tell the Senate and the other House of Congress in advance what they must do, let the Congress send back its messenger with a statement that if the President will perform the Executive functions the Congress, as representatives of the people and pursuant to constitutional provisions, will perform legislative functions.

Mr. President, I desire the Chair to advise me just when I may make the motion, in order that I may not overlook the opportunity of making the motion, to instruct the conferees.

The PRESIDENT pro tempore. That may be done as soon as the motion which has been made by the Senator from Arkansas has been agreed to and before the Chair has appointed the conferees. The present occupant of the chair will protect every right the Senator from Texas has.

Mr. CONNALLY. I thank the Chair.

Mr. LONG. Mr. President, I am going to undertake to advise the Senator from Texas, though I do not expect him to accept the advice, and to indulge in a little frank talk to the Senate about publicity of Reconstruction Finance Corporation loans.

The Senator from Texas is a new convert, so far as his voice in the Senate is concerned, about the publicity for these loans. We have before the Senate right now a resolution which does not have to be attached to this bill, which does not have to be hooked up to this bill at all, thereby risking a veto of the bill on account of it. The Senator from Nebraska has a resolution now pending before the Senate providing for publicity of all loans made by the Reconstruction Finance Corporation.

Mr. President, if this provision in this bill is going to mean a veto, I am not in favor of the provision remaining in the bill, because the last House bill that the Speaker of the House insisted upon did not have in it the provision for publicity of loans made by the Reconstruction Finance Corporation. The bill that was vetoed by the President had in it certain private loans; and the bill was vetoed, as we understood, because the President would not sign the bill with the

private loans in it. Therefore the Democrats of the Senate concluded to remain in session and to let the President take the responsibility for having stricken out the provision for private loans, and to prefer to pass a bill giving nine-tenths of the desired relief rather than a bill giving the people no relief at all.

So we went ahead on that course. Now the measure has gone over to the House, and the House has stricken out its bill and put another matter in the bill that was not heard of in the other bill that went to the President, that we are told from some sources means another veto of the bill.

This talk about standing pat and not letting the President dictate this legislation is something that I agreed with a long time ago, but it is too late to talk about that now. That is not the view that this side of the Chamber has taken. This side of the Chamber has taken the position that it was going to extricate all the benefits it could out of the bill that was vetoed by the President of the United States. It never was in the minds of men on this side of the Chamber that they were going to go out and have the House write into that bill some new matter equally objectionable and equally certain to cause a veto of this relief legislation.

If we had any idea of having another showdown with the President on something else, there was no sense in holding the Senate and the Congress in session to send something else back to the President of the United States. I think the position that is taken by the House of Representatives in this matter is extremely unwise.

I am for all the harmony in the Democratic Party that we can have. I am no particular partisan of the views of the Senator from Arkansas [Mr. ROBINSON]. I think I have established that pretty well in this body. I am not particularly undertaking to promote the ideas of anyone, but we have certain things in this bill. When we were debating as to what we ought to do, whether we ought to stand pat on the veto by the President of the bill that was sent to him the last time and adjourn, or come back and cut out what we knew he would not sign and what we knew we could not pass over his veto, I went on the other side of the Chamber and consulted such men as the senior Senator from Idaho [Mr. BORAH], and others, because there was not any particular unanimity of feeling among the Democrats as to what would be the best thing; and it was the view of the men on the Democratic side and the progressives on the Republican side that we had to pass some relief bill getting whatever relief we possibly could get from this Congress, and that bill had to have the signature of the President.

It could not be passed without it. It is foolish to talk now about another impasse, to throw out this bill and have another test of strength and another deadlock because something has been written into this bill that was not in the last bill at all, and allow the House to come here and put something else in this one and then go back and have this one vetoed, and then cut that out and have the House put some other political plank in the bill and get it vetoed. We might as well have adjourned this session of Congress when we passed the last bill as to come back here now and have another test of political strength.

I think it is bad strategy from a political standpoint on the part of the President of the United States. I think he is making a mistake in not having publicity of these loans of the Reconstruction Finance Corporation. I was in favor of that. A week ago I stood on the floor of the Senate for about 45 minutes and made a speech in favor of the Norris resolution. None of these enthusiastic Senators made any remarks at that time undertaking to pass the Norris resolution. That resolution was on the calendar then and is on the calendar right now. If we are anxious to have this session of Congress pass upon whether or not the Reconstruction Finance Corporation is going to publish its reports, we can hold Congress in session long enough to pass on the Norris resolution, and not have the meritorious features of this relief bill vetoed because the Norris resolution can not be hooked into it. That is what we can do.

It is not sense, it is not doing right by the people of this country, for the bullheadedness of any one man—I do not

care who he is—of any party to deadlock Congress and beat this relief bill again. We know the position of the President of the United States.

My State has some benefits in this bill. We need the help of this bill. The 48 States of America need it. It may be thought that I am selfish about it, but I am no more so than any of the other people from the 48 States. We know that there is certain legislation that the President will not sign; and I am not willing, any more than I was willing in the case of the League of Nations or anything else, for one little point which may be of benefit to keep us from deriving nine-tenths of the benefit of any bill.

So I say, Mr. President, that it should be our move here on both sides of this Chamber to convince the House conferees that we do not want another political proposition, however sound it may be, attached to this bill if it means another veto. We ought not to do it. I am not willing to have it done.

I do not believe the men on this side of the Chamber ought to want it done, and I do not believe they ought to have it done. I think we ought to stand on this report, send it back, and use a little bit more common sense in telling somebody else they may have to give in a little bit.

I am tired of giving in, and pulling chestnuts out of the fire for some people that get themselves in an embarrassing position on this bill. I am tired of it. We need this help in this country. It is not all we need. We need to have the Reconstruction Finance Corporation investigated; but when we know we can not get that, is that any reason why we have to put our heads in a halter and hang the balance of this bill and have it defeated for the American people at this time?

I submit, Mr. President, that we ought to sustain the position that we stand by all that we have said there, and when the bill goes back to conference, then, the conferees can find out what will happen, as they found out last time. We knew last time that the other bill was going to be vetoed if we left the private loans in it. We were told that, and we knew it; and we can know now, if the Reconstruction Finance Corporation publicity remains in the bill, whether there is going to be a veto or not. If it does mean a veto, I think our conferees should stand to get the benefits of this bill. However, if they find that if the bill is passed by the two Houses it will not meet an Executive veto, then I would say keep the publicity there.

I am so new in this body, and I am so unfamiliar with its rules, that I should like to ask the Senator from Arkansas [Mr. ROBINSON] this question:

If a resolution is passed by the two Houses to have the Reconstruction Finance Corporation report its loans to Congress, does that require the signature of the President?

Mr. ROBINSON of Arkansas. Yes.

Mr. LONG. That is required?

Mr. ROBINSON of Arkansas. Yes.

Mr. LONG. Then if Senators want to make a political issue with the President, they can stay here and have him veto that resolution just the same. If they want to show his position, there is a fair, uninterrupted, unobstructed method by which his stand can be made known to the American people. But there is no rhyme or reason or excuse in defeating a relief bill that has been worked for by the men on this side of the Chamber. This is a Democratic relief bill, framed by the Democrats of this Congress in the Senate, and it is not fair to this body to have it hazarded and to have these relief benefits stricken out or vetoed and another blockade created here.

Mr. LEWIS obtained the floor.

Mr. WAGNER. Mr. President, will the Senator yield to me just long enough to present the report of the conference committee?

Mr. LEWIS. Yes. I want to say just a word.

Mr. WAGNER submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction,

with a view to increasing employment, having met, after full and free conference have been unable to agree.

PETER NORBECK,
SMITH W. BROOKHART,
P. L. GOLDSBOROUGH,
CARTER GLASS,
ROBERT F. WAGNER,

Managers on the part of the Senate.

J. W. COLLIER,
HENRY T. RAINEY,
R. L. DOUGHTON,
W. C. HAWLEY,
ALLEN T. TREADWAY,

Managers on the part of the House.

Mr. LEWIS. Mr. President, I am very much moved by what must be the appearance to those who reflect upon the object of this body in hearing these discussions as to the President's veto.

The ordinary traveler, touched here and there with the classics of life, should he find himself in the great capitol at Rome, and near to the great forum which held the famous body of the Roman Senate, would be reminded that upon a statue there is the famous query which, we are told, Christ addressed to Saint Peter. When Peter was seen in the shadows, rushing over to an opposite road, we are informed that the voice exclaimed:

Quo vadis?

We ask here, in the words of the sacred suggestion, which way are we going? To which way are we moving? When has it become the sense of propriety, or that which could be called the statesmanship of this body, that we should rise here from time to time to anticipate what the President of the United States may or may not do and then flash with a judgment against the President on some assumed theory that he will veto this measure or that unless we yield or detract in something? I ask, where is the theory of our organization that justifies this great body, in the exercise of its intelligence and propriety, in assuming that under every conceivable circumstance the President is going to do something which the Senate feels will be wrong, and, therefore, on the assumption denounce the act before it is committed, continue denouncing the author and perpetrator of an imaginary act before he has committed it? And, sirs, let me demand, where is the right to assume on the part of this body that has a duty to create conflict between Members on either side as, between themselves or as against its political opponents, upon the theory that, if something is contained in a bill or something is omitted from a measure, therefore, the President of the United States, in an arbitrary spirit, will take such actions as will make the one appropriate to his favor or the other obnoxious to the rights of the Senate?

Where, sirs, is the source that has communicated to us what the President intends to do? Who conveys the secret mind of the President to our chamber of horrors? Who carries the inner reflection of the President to whisper it to us? Who has been ordered here to be the oracle of the Delphic temple from which issue the whispers as to what the President will do and what he will not do in each given course? And, may we not ask, what manner of action are we, the eminent Senators of the United States, in this great body, to justify ourselves in firing ourselves into a hysterical dilemma, together with a hysterical eruption, upon some sizzling theory of what each Senator assumes the President of the United States may or may not do with a measure after we have passed it to him?

Is it not decorous that we proceed to do that which we feel is our duty under the conditions which surround us, and then let that duty pass in the ordinary course as provided by the Constitution up to the Executive power, if it is that to which it is to go? Then and there trust in the theory that the Executive, in the execution of the Constitution, in the discharge of a conscientious duty, and in the performance of what he owes to his country under the same circumstances

that impel us, will execute in his own behalf and the just need of the Nation the discharge of his duty guided by the commands of law and the voice of conscience. Then, when such is done, we will have some vision of what has transpired; we will be justified in some comment or commendation.

Under the present circumstances, to give evidence to the country all around us that we summon up the ghost of peril and antagonism and turn against it and with horror shudder at the contemplation of a thing we assume the President will commit, and thus leave direct everything to a confusion worse than chaos, is not characteristic of the body of the Senate nor justified by the situation on the presented facts.

I, sir, take the liberty to suggest that the course shall be that which should be the course of the United States Senate. The Senate to perform its own obligation as it feels it, discharge its duty as it contemplates it, and do that which it thinks is best under the conditions under which it or he or they shall speak, then send the measure forward to the Executive under the assumption in his behalf that we trust him, will believe in him, and let him know that we support him in the faithful discharge of his duty, and do not accuse at the beginning that his conduct will be wrong and in violation of the rights of the American public. Let us continue the fraternity of official trust and mutual confidence.

The report was agreed to.

EMERGENCY EMPLOYMENT

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Arkansas that the Senate insist upon its disagreement to the amendment of the House to Senate amendment No. 1, that it further insist upon its amendments Nos. 1 and 2, that it ask a further conference with the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to.

Mr. CONNALLY. Mr. President—

The PRESIDENT pro tempore. The Chair is on the point of naming the conferees.

Mr. CONNALLY. Mr. President, I do not want to do anything that will hinder in any wise the conferees in their action toward getting an agreement, and if the conferees will give assurance that before they strike out this publicity amendment they will come back to the Senate to report first, I shall not press my motion.

The PRESIDENT pro tempore. There is no parliamentary method by which that assurance may be procured.

Mr. CONNALLY. Mr. President, I shall not insist on the motion at this time, in view of certain assurances from Senators.

The PRESIDENT pro tempore. Under the motion, the Chair appoints the senior Senator from South Dakota [Mr. NORBECK], the senior Senator from Iowa [Mr. BROOKHART], the junior Senator from Maryland [Mr. GOLDSBOROUGH], the junior Senator from Virginia [Mr. GLASS], and the junior Senator from New York [Mr. WAGNER] conferees on the part of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 4522. An act to authorize the conveyance to the State of Tennessee of certain land deeded to the United States for the Great Smoky Mountains National Park and not needed therefor; and

S. 4661. An act to repeal an act entitled "An act to legalize the incorporation of national trade-unions," approved June 29, 1886.

The message also announced that the House had passed the following bill and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 10372. An act to authorize the Director of Public Buildings and Public Parks to employ landscape architects, architects, engineers, artists, or other expert consultants;

H. J. Res. 473. Joint resolution to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the

World War temporarily quartered in the District of Columbia," approved July 8, 1932; and

H. J. Res. 474. Joint resolution making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof.

TRANSPORTATION OF VETERANS

Mr. JONES. Mr. President, I ask that the Senate proceed to the consideration of House Joint Resolution 473, which has just come over from the House.

The joint resolution (H. J. Res. 473) to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932, is hereby amended to read as follows:

"That to enable the Administrator of Veterans' Affairs, upon the request of any honorably discharged veteran of the World War temporarily quartered in the District of Columbia who is desirous of returning to his home, to provide such veteran with transportation thereto prior to July 25, 1932, by railroad or such other means of transportation as the Administrator of Veterans' Affairs may approve, including allowance in advance for gas and oil for travel in privately owned automobile, together with travel subsistence at the rate of 75 cents per day, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$100,000, and in the event such amount is insufficient there is hereby appropriated out of the general post fund authorized by the act of July 1, 1902, and the act of June 25, 1910 (U. S. C., title 24, secs. 136 and 139), such amount as the Administrator of Veterans' Affairs may determine to be necessary: *Provided*, That where transportation is authorized by other than railroad the amount allowed for same shall not exceed the cost of railroad transportation: *Provided further*, That all amounts expended under this appropriation in behalf of any veteran shall constitute a loan without interest which, if not repaid to the United States, shall be deducted from any amount payable to such veteran on his adjusted-service certificate."

Mr. JONES. Mr. President, the availability of the money for the transportation home of the ex-service men now in Washington will expire at midnight to-night. This joint resolution is simply one extending the time until the 25th of July, if any additional money is needed to carry out the original purpose of the appropriation. I ask for the present consideration of the joint resolution.

The PRESIDENT pro tempore. Is there objection?

Mr. KING. Mr. President, the consideration of this joint resolution will not impair the status of the merger bill?

The PRESIDENT pro tempore. The Senator from Vermont is being protected amply in his rights by the present occupant of the chair.

Mr. KING. I wanted to be sure the Chair would protect him.

The PRESIDENT pro tempore. Is there objection to the consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to a third reading, read the third time, and passed.

APPROPRIATIONS FOR THE AGRICULTURAL, TREASURY, POST OFFICE, AND WAR DEPARTMENTS

Mr. JONES. Mr. President, I ask that the Senate proceed to the consideration of House Joint Resolution 474, which has just reached the Senate from the House.

The joint resolution (H. J. Res. 474) making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the appropriations and authority with respect to appropriations contained, respectively, in the regular annual appropriation acts for the fiscal year ending June 30, 1933, for the Department of Agriculture, the Treasury and Post Office Departments, and the military and nonmilitary activities of the War Department, shall be available from and including July 1, 1932, for the purposes respectively provided in such appropriations

and authority for the service of such fiscal year. All obligations incurred during the period between June 30, 1932, and the respective dates of enactment of each of such acts in anticipation of such appropriations and/or authority are hereby ratified and confirmed if in accordance with the terms thereof.

Mr. JONES. Mr. President, I may say that this is simply a joint resolution reaffirming the validity of appropriations that were made after the 1st of July for activities of the Government beginning the 1st of July. I ask for the immediate consideration of the joint resolution.

Mr. KING. Mr. President, will not the Senator explain the significance of the resolution?

Mr. JONES. Mr. President, as I understand, as to appropriation bills we passed, say, the 5th or 6th of July, or any time after the 1st of July, there is some uncertainty as to whether the appropriations made will relate back to the 1st day of July, and this joint resolution would remove all doubt about that.

The PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to a third reading, read the third time, and passed.

CONTRACT FOR THE PURCHASE OF TWINE

Mr. REED. Mr. President, yesterday, in discussing a certain contract let by the Post Office Department for twine, I believe that I did an injustice to the officials of the Post Office Department who had charge of the contract. I have read the letter to the senior Senator from Washington [Mr. JONES], which appears on page 15207 of the RECORD, and as the facts are stated in that letter, I want to say now that I think the action of those officials was correct, and was necessitated by the language of the law which we have passed.

Mr. BYRNES. Mr. President, the Senator from Pennsylvania says he has changed his opinion by reason of the letter written to the chairman of the Committee on Appropriations by the Postmaster General. I hope the Senator from Pennsylvania in reading the letter from the Postmaster General noticed this statement, which appears on page 15207 of the RECORD:

When the bill was under discussion by the Senate, the committee amendment was objected to by Senator REED.

If the Senator from Pennsylvania will look at the RECORD of June 28 he will find that he, the Senator from Pennsylvania, did not object to the amendment. On the contrary, he stated that he did not object to it, that he was not inclined to make any objection to the amendment offered by the Senator from Georgia [Mr. GEORGE].

Mr. REED. Yes; but that is not the amendment to which the letter refers. The amendment referred to in the letter is the amendment changing the word "or" to "and."

Mr. BYRNES. I will say this, that if the Senator from Pennsylvania will look at the RECORD he will find that he made no objection to any amendment offered by the Senator from Georgia.

Mr. REED. No; I did not.

Mr. BYRNES. That being true, I want to call his attention to the fact that the Postmaster General advised the chairman of the Committee on Appropriations that the Senator from Pennsylvania objected to the amendment.

Mr. REED. Oh, no. He was talking about the committee amendment, to which I did object.

Mr. BYRNES. The Senator from Pennsylvania will not find in the RECORD that he objected to the committee amendment. If he will examine the RECORD, which I have looked at in the last two hours, he will find that that is a fact.

Furthermore, may I call attention to the fact that it is stated in the letter from the Postmaster General:

Following a protracted discussion, the committee amendment was rejected.

That statement has absolutely no foundation in fact. There was no protracted discussion. There was no statement by any Senator except the Senator from Georgia [Mr. GEORGE], who explained the amendment, and the Senator from Pennsylvania, who said that, having heard the amend-

ment read at the desk, he was under the impression that it was only discretionary; however, that he had no objection to it.

That was the "protracted discussion," because when the Senator from Pennsylvania made that statement, the Senator from Nevada [Mr. ODDIE], the chairman of the committee, said he had no objection to the amendment. The amendment was agreed to, and the Postmaster General calls that a "protracted discussion."

From those two statements contained in the RECORD, the accuracy of the statements of the Postmaster General can well be judged. The Senator from Georgia, who offered the amendment, urged it with no purpose in mind other than to carry out the intent of the Congress that American produced and manufactured goods would be given preference; and the Postmaster General has deliberately sought to read into the language of the amendment of the Senator from Georgia an intent and a meaning not justified by the language, and certainly not justified by the intent of the Senator from Georgia [Mr. GEORGE].

Mr. GEORGE. Mr. President, I do not now wish to discuss the letter of the Postmaster General further than to say that his interpretation of the amendment is childish. I said very plainly on this floor when the question was under discussion the Postmaster General was not free to deal with the particular problem presented to him by this amendment, because of the tremendous power of one of the most highly protected interests in this country; that is, the jute interest, the Ludlow interests, an interest that has written its tariff directly in opposition to every accepted principle of protection, for its own private benefit, and it has had always the servile acquiescence of that party which now controls the Post Office Department.

FUNDS OF GOVERNMENT PRINTING OFFICE EMPLOYEES

Mr. SHIPSTEAD. Mr. President, I present a communication from employees of the Government Printing Office and ask that it may be read.

The VICE PRESIDENT. Without objection, the Secretary will read, as requested.

The Chief Clerk read as follows:

North Capitol Savings Bank, 1 H Street NW., was closed by the Comptroller of the Currency, John W. Pole, to-day and has caused a serious condition for the employees of the Government Printing Office.

Twenty-nine out of thirty-two sick-relief and pension associations of the Government Printing Office had all of their funds in this bank.

Practically all of the employees had their savings in this bank, which are lost. The Government Printing Office employees' associations have at the present time on the sick list and in hospitals over 60 employees who are being cared for through the relief funds which have been lost in this bank. Each employee contributes from \$1 to \$5 per month voluntarily. This relief fund is necessary on account of the fact that there is no sick leave at the Government Printing Office.

Practically every employee of the Government Printing Office, with any savings at all, had them in this bank. The condition is really serious.

The employees of the Government Printing Office beg the Senate to give them the money they have earned.

Mr. SHIPSTEAD. Mr. President, I felt it necessary to have that statement read in order to inform the Senate of the condition of the finances of the employees of the Government Printing Office, with the hope that action upon the resolution which I offered this morning may be facilitated if it is possible for the Appropriations Committee to do so.

I have talked to the chairman of the Appropriations Committee and he tells me it is going to be very difficult at this late hour to secure any action upon the resolution referred to; but, for the information of the Senate and for the information of members of the Appropriations Committee, I have had the statement read in order that they may be informed.

The VICE PRESIDENT. The communication will be referred to the Committee on Appropriations.

DEVELOPMENT OF INLAND WATERWAYS

Mr. SHIPSTEAD. Mr. President, we are in the closing days or hours of this session of Congress, and, in view of that fact, I feel it my duty to make known to the Congress,

on behalf of the great many people in the great Mississippi Valley, their keen disappointment at the failure of Congress to carry out the great program for development of inland waterways that has for years been sponsored by the President of the United States.

Mr. President, the failure of the Congress to provide a comprehensive plan for financing and finishing the inland waterways at this session of Congress leaves the old method of making piecemeal appropriations and letting contracts by piecemeal that has been pursued for the last 30 or 40 years—a system of wasteful, pork-barrel appropriation and contracting that has resulted in spending \$470,000,000 upon the so-called Mississippi River system, including the Ohio, Tennessee, Mississippi, Illinois, and Missouri Rivers.

The relief bill that was passed by the Congress provides for the continuation of that system of letting contracts and that system of making appropriations. Under that procedure the chances are that it will take another 20 or 30 years to complete these inland waterways.

When I say that the people of the Mississippi Valley are greatly disappointed that the present Congress has not carried out the program of the President as enunciated for years by President Hoover, I have in mind the program that he has enunciated and for which he has spoken—that is, a plan of financing the construction of these inland waterways that could complete them in five years.

But I need not in my words state what the President said. I will quote his own words in order that the Congress may know the President's former attitude on the development of these inland waterways.

In his speech of acceptance of August 11, 1928, he said:

Nature has endowed us with a great system of inland waterways. Their modernization will comprise the most substantial contribution to Mid West farm relief and to the development of 20 of our interior States.

This modernization—

He continued—

includes not only the great Mississippi system, with its joining of the Great Lakes and the heart of the Mid West agriculture to the Gulf, but also a shipway from the Great Lakes to the Atlantic.

These improvements—

He said—

would mean so large an increment in farmers' prices as to warrant their construction many times over.

He said at that time and in that address:

There is no more vital method of farm relief.

At Louisville, Ky., on the 23d day of October, 1929, in an address, he stated:

The Mississippi system comprises over 9,000 miles of navigable streams. I find that about 2,200 miles have now been modernized to 9 feet in depth, and about 1,400 miles have been modernized to at least 6 feet in depth. Therefore some 5,000 miles are yet to be connected or completed so as to be of purpose to modern commerce.

He said:

We should establish a 9-foot depth in the trunk system. . . . We should complete the entire Mississippi system within the next five years.

That statement was made in 1929. In 1926, on July 20, just about six years ago on this day, in describing this trunk system, he said:

One of them is an east-and-west waterway across half the continent from Pittsburgh to Kansas City along the Ohio, Mississippi, and the Missouri Rivers, the other a great north-and-south waterway system across the whole Nation reaching up the Mississippi from the Gulf, dividing into two great branches, one to Chicago and extending then by the Lakes to Duluth, and the other the Upper Mississippi to the Twin Cities.

That was his opinion and statement in 1926, six years ago.

The year before, 1925, seven years ago, on October 19, while he was Secretary of Commerce, he made an address at Kansas City, in which he said:

There is one vital factor which must be made effective before these services can bring their results both in rates and in service to an important part of our Mid West agriculture and industry. That is, we must make these waterways into a full and completed transportation system by joining up their broken links. I can not

insist too strongly upon the necessity of this full completion of the whole system, for every part bears a relation to every other part no matter how remote.

Again, on that occasion he said:

Our objective is of wider importance than the solely waterside transport. We aim to carry the benefits of cheaper transportation back into the hinterland, where goods must be gathered and distributed by rail and in which the rivers will form a connecting link of cheaper transportation. But before this can be effective the waterway link must be long enough to overcome the extra cost of loading from cars. That is, the cheaper rates of the water section must more than offset the cost of additional loading and reloading. And this only becomes possible when there are long water hauls. And we shall not have arrived at these long stretches of water in full measure until we have completed the whole Mississippi system of interconnected segments.

In the same address, delivered in 1925, seven years ago, he also said:

On the Mississippi system these engineering questions are behind us. We know what we should do. We know its vast benefits. We know it can be accomplished by a comparatively trivial cost compared to these benefits. We should go to it and have it completed within the next decade.

At Minneapolis, July 20, 1926, Mr. Hoover shortened this period to five years, and in his Louisville address, delivered October 23, 1929, Mr. Hoover, then President, stated:

We should complete the entire Mississippi system within the next five years.

When Secretary of Commerce, Mr. Hoover said at Minneapolis, July 20, 1926:

We need a definite commitment to complete the whole system, including the links proposed in the present bill over a definite short term of years. By so doing our engineers can provide for equipment and contracts that will complete it at much less cost in time and money than by our tentative and gingerly handling of it all.

I might inform the Senate that General Brown stated that if a businesslike method of financing the construction of these inland waterways could be inaugurated, so that contracts could be let on a businesslike basis, the Corps of Engineers, he estimated, could save 25 per cent of the estimated cost of the building of these inland waterways and could complete the job within a comparatively short period of years, within about five years. He said he could economically spend in a businesslike program \$100,000,000 in this fiscal year and \$150,000,000 in every year after this and employ 160,000 men for five years, employing them for 120 days every season and complete the system.

When Secretary of Commerce, Mr. Hoover said at St. Louis, Mo., November 22, 1926:

A unified, connected system with interconnection of the great Mississippi system and the Lakes is essential. Disconnected though improved segments are of no avail. The whole chain is only as useful as the weakest link.

As President, Mr. Hoover stated at Louisville, Ky., October 23, 1929:

We should complete the entire Mississippi system within the next five years. We shall then have built a great north-and-south trunk waterway entirely across our country from the Gulf to the northern boundaries, and a great east-and-west route half-way across the United States. Through the tributaries we shall have created a network of transportation. We shall then have brought a dozen great cities into direct communication by water; we shall have opened cheaper transportation of primary goods to the farmers and manufacturers over a score of States.

Mr. TYDINGS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Maryland?

Mr. SHIPSTEAD. For what purpose?

Mr. TYDINGS. Did the President say when that was to be done?

Mr. SHIPSTEAD. In all of these statements he said, as long ago, I think, as in 1926, that they ought to be done within five years.

Mr. TYDINGS. It looks as if we are a little late getting under way.

Mr. SHIPSTEAD. I am reading the President's statements. I will leave Senators to make their own interpretation.

BENEFITS RESULTING TO AGRICULTURE AND INDUSTRY FROM IMPROVEMENT OF INLAND WATERWAYS

When Secretary of Commerce, Mr. Hoover stated at Kansas City, October 19, 1925:

If we have back loading, 1,000 bushels of wheat can be transported 1,000 miles on the Great Lakes or on the sea for \$20 to \$30; it can be done on a modern-equipped Mississippi barge for \$60 to \$70, and it costs by rail from \$150 to \$200.

Mr. TYDINGS. Mr. President, will the Senator yield again?

Mr. SHIPSTEAD. I yield.

Mr. TYDINGS. I take it for granted from what the Senator has said that a part of the address of Mr. Hoover was in the nature of a campaign speech.

Mr. SHIPSTEAD. I would prefer that the Senator would put his own interpretation on the purpose for which it was made. I assume and believe that the speech was made in good faith. Facts were stated as he saw them as an engineer and as an economist.

Mr. TYDINGS. If I may transgress a moment more, it would be interesting to know why nothing has been done and why the President has been quiescent on this subject so long, after having made such definite statements as to what ought to be done.

Mr. SHIPSTEAD. I can not answer the Senator. The President said:

These estimates are not based upon hypothetical calculations, but on the actual, going freight rates. The indirect benefits of the cheaper water transportation to the farmer are of far wider importance than the savings on individual shipments might indicate. In those commodities where we are depending upon exports for a market—and upon some domestic markets—the price level will be determined at the point where the world streams of that commodity join together in the great markets. Thus the price of wheat is made at Liverpool, and anything that we can save on transportation to Liverpool is in the long run that much in addition to the farmer's price. And it is not an addition solely to the actual goods which he may have shipped to that market, but it lifts the price level in our domestic market on the whole commodity in this same ratio. Thus if we can save from 5 to 7 cents a bushel additional by the completion of the Mississippi and Great Lakes systems we will have added a substantial amount to the income of every farmer in the Middle West.

When Secretary of Commerce, Mr. Hoover stated, at St. Louis, November 22, 1926:

The necessary increase in railway rates is as if a series of toll-gates around the Mid West have distorted the economic setting of this whole section. And to this is added the additional economic distortion due to the completion of the Panama Canal. It has thus become doubly urgent that we find a new and cheaper means of transportation for our bulk commodities if we are to relieve adverse pressures and maintain the equal advancement of all parts of our country. We can not without ruin to our railways reduce her rates to pre-war levels. We must find relief in our waterways, and we can rest with full confidence that the growth of the country will more than maintain railway traffic.

Nor are the economic benefits to be derived from completion of this great new system of river and lake ways limited to the actual savings made on particular goods which may be shipped. It is possible to demonstrate that great economic benefits would come to agriculture and industry even though there be but a minor part shipped by water, because of the potential effect upon the price of commodities.

He was not then talking about a system which has never been completed due to the wasteful methods of making appropriations and contracts, a practice under which for 40 years we have never had a completed system. He was talking then of a completed system. He said:

Taking many different Mid West points and calculating the rates by water on completed systems, there shows a cheapening of various amounts from 6 to 15 cents per bushel on wheat in the cost of delivery to Liverpool. Obviously, the Liverpool buyer would bid up to this margin in the price he offers, and his competitive bidding should lift the price of all the wheat in the region, whether the wheat actually went to Liverpool or not.

Nor is the importance to industry limited only to the amount of goods that would be carried over this transportation system. With the distortion of transportation rates resulting from the war and the Panama Canal, there has been a natural tendency of industry and commerce to migrate from the Midwest to seaboard.

This migration is exactly in the wrong direction. Sound national economy requires the establishment of industries nearer to our farmer consumers, for it gives both an immediate market to agricultural products and a large diversification of employment. Furthermore, if through cheaper transportation of raw materials we can give equal economic opportunity for the establishment of

industry in the West, we shall secure a better distribution of population and a trend away from the growing congestion of our enormous urban centers.

As President, Mr. Hoover stated at Louisville, Ky., October 23, 1929:

Some have doubted the wisdom of these improvements. I have discussed the subject many times and in many places before now, and I shall not repeat the masses of facts and figures. The American people, I believe, are convinced. What they desire is action, not argument.

I might refer that statement of the President to his representatives at the convention in Chicago who wrote the Republican platform, and also to some members of his Cabinet, particularly to Mr. Mills and to Mr. Hurley.

When a bill was introduced in the Senate, a bill which I had the honor to introduce on behalf of the Mississippi Valley Association, a similar bill being introduced in the House by Mr. MANSFIELD, a measure which had the indorsement of the shippers, represented by a thousand delegates at St. Louis last November, two members of the Cabinet, the Secretary of War and the Secretary of the Treasury, wrote letters to the Committee on Commerce of the Senate in opposition.

Mr. McKELLAR. Mr. President, if the Senator will yield, I call his attention to the fact that when the President was making his campaign in east Tennessee in 1928 he told the people in that section of the country that he was in favor of having the Government develop Muscle Shoals, and the Cove Creek Dam in connection with it, but afterwards the President vetoed a bill designed to accomplish what he had recommended.

Mr. SHIPSTEAD. I thank the Senator.

At Kansas City on October 19, 1925, in advocating the speedy completion of the Mississippi system of inland waterways, Mr. Hoover, then Secretary of Commerce, said:

We have learned that expenditures on great reproductive public works are neither a waste nor a burden upon the community. They bring a rich harvest in increasing wealth and greater happiness. They tend to strengthen the foundation of agriculture and industry. Even from the narrower point of view of taxation, they are an economy, for it is by such works that we increase the income available to taxation and thus reduce individual burdens.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. SHIPSTEAD. I yield.

Mr. NORRIS. Where was that statement of President Hoover made, and when?

Mr. SHIPSTEAD. When he was Secretary of Commerce he delivered an address at Kansas City on October 19, 1925. That was seven years ago.

At St. Louis, Mo., on November 22, 1926, he said:

I could not sum up our proposals better than to quote his [President Coolidge's] terse and lucid language in referring to these projects: "It is not incompatible with economy, for their nature does not require so much a public expenditure as a capital investment which will be productive."

So we have the support at that time of President Coolidge and his then Secretary of Commerce, now President, Hoover.

Mr. NORRIS. But that was some time ago, was it not?

Mr. SHIPSTEAD. That was in 1926, just seven years ago.

Mr. NORRIS. That is a good deal like his statement referred to by the Senator from Tennessee about Muscle Shoals. That was made while he was out. He feels differently since he has gotten in.

Mr. SHIPSTEAD. Most people seem to feel differently after they get in. On October 23, 1929, at Louisville, Ky., Mr. Hoover said:

To carry forward all these great works is not a dream of the visionaries, it is the march of the Nation. We are reopening the great trade routes upon which our continent developed. This development is but an interpretation of the needs and pressures of population, of industry, and civilization.

Continuing, he said:

A nation makes no loss by devotion of some of its current income to the improvement of its estate. * * * It is our duty to make them [our waterways] available to our people.

However, here comes a little different note. On May 22, 1932, when the river and harbor section of the bill that happened to be before the Congress was being considered, the President in a letter to the American Society of Civil Engineers said—and this letter was given to the press on May 22, 1932:

The vice in that segment of the proposals made by your society and others for further expansion of "public works" is that they include public works of remote usefulness; they impose unbearable burdens upon the taxpayer; they unbalance the Budget and demoralize Government credit. * * * Nonproductive "public works" in the sense of the term here used include * * * river and harbor improvements, * * * which bring no direct income and comparatively little relief to unemployment.

Let me read that last statement again:

Nonproductive "public works" in the sense of the term here used include river and harbor improvements, which bring no direct income and comparatively little relief to unemployment.

When Secretary of Commerce, Mr. Hoover said at Kansas City on October 19, 1925:

We must conceive and attack their construction as a connected whole, not as a collection of disconnected lake and river projects.

Of course, the President realized that unless we change our point of view and attack their construction as a connected whole and not as a collection of disconnected lake and river projects appropriations for the development of inland waterways would simply continue a wasteful "pork-barrel" expenditure, as they have been in the last 30 or 40 years.

Mr. President, I have referred to the development of the inland waterways, and a plan to develop them on a businesslike basis, and have quoted from statements of the President of the United States while he was Secretary of Commerce, and also since he has been President, statements showing his clear comprehension of the vast benefits to accrue after these waterways were developed, and also his complete understanding of the necessity of completing the inland waterways within a period of five years. He made that statement as long as seven years ago.

On November 22, 1926, the President made a very excellent address in St. Louis, in which he said, referring to the past and also the present method of wasteful "pork-barrel" appropriations and methods of letting contracts:

We have wasted vast sums of money in interrupted execution and sporadic and irresolute policies, until to-day we find ourselves with a mass of disconnected segments of a transportation system, the peacefulness of some of which from the noise of commerce furnished constant munitions of criticism to our opponents, but which in fact bears no more relation to the real possibilities of our waterways than would the New York Central Railroad if it has but a few stretches of stagecoach in its main trunk lines.

If we are to substitute trains of steel barges on our rivers for box cars, we must not only have depth but we must have interconnection so that we may find employment for these box cars with diversified traffic meshing into the different seasons of the year. Without such a completed and interconnected transportation system we can not expect the most economic transportation on any one section; we can not expect that our waterways will perform their real function either as to cost of transportation or as to supply of sufficient craft, or the building up of sound transportation companies to take advantage of their opportunities. Nor without interconnection of our great Mississippi system with the Lakes will we realize the full values of either.

As President, Mr. Hoover stated at Louisville, Ky., October 23, 1929:

Substantial traffic or public service can not be developed upon a patchwork of disconnected local improvements and intermediate segments. Such patchwork has in past years been the sink of hundreds of millions of public money.

Permit me to repeat that statement. Here is a statement by the President of the United States giving his opinion of our habitual year-to-year process of appropriating money for the development of inland waterways, and the same system is in existence now under the President's so-called relief bill. Here is what he said:

Such patchwork has in past years been the sink of hundreds of millions of public money.

When the President said that he told the truth. We have wasted hundreds of millions of dollars in this "pork-

barrel" method of appropriating money for inland waterways. Because that method is continued with the support of the members of the President's Cabinet, the Secretary of War and the Secretary of the Treasury, is why I feel it my duty to call the attention of the Senate to the great disappointment of the people of the great Mississippi Valley that this program is continued of throwing away the taxpayers' money, in digging a river without completing the channel so that commerce may have the benefit of finished channels for transportation.

Those of us who have endeavored to carry out the program of the President have had no aid or comfort from the White House in stopping "pork-barrel" appropriations and completing a business-like job.

In 1928 the convention that nominated Mr. Hoover for the Presidency had a very excellent plank in their platform, a great promise to the people of the Mid West for relief from that economic degeneration that started after the passage of the transportation act. Here is what the Republican convention said in 1928 in the platform upon which Mr. Hoover became a candidate for the Presidency and upon which he was elected:

Cheaper transportation for bulk goods from the Mid West agricultural sections to the sea is recognized by the Republican Party as a vital factor for the relief of agriculture. To that end we favor the continued development in inland and intracoastal waterways as an essential part of our transportation system.

Senators will notice that the Republican convention did not designate the development of inland waterways in 1928 as "pork." The platform continued:

The Republican administration during the last four years initiated the systematic development of the Mississippi system of inland transportation lanes. It proposes to carry on this modernization of transportation to speedy completion. Great improvements have been made during this administration in our harbors, and the party pledges itself to continue these activities for the modernization of our national equipment.

In 1928, the Democratic Party had the following plank in their platform dealing with waterways:

We favor the fostering and building up of water transportation through improvement of inland waterways and removal of discrimination against water transportation.

We favor and will promote deep waterways from the Great Lakes to the Gulf and to the Atlantic Ocean.

In the absence of Republican support for the President's waterway program, Speaker GARNER included the President's program in the Speaker's relief bill. It came to the Senate under fire from the White House as a part of that bill and was taken out in conference under the pressure, it was said, of the threat of a veto by the President.

Mr. President, in conclusion let me say to Senators who have done me the honor of listening to me that we have spent in the last 40 years \$470,000,000 on the Mississippi River system. The only part of the tributaries of the Mississippi that has been completed, and the only part of the Mississippi that has been completed, is up to St. Louis from New Orleans. The Ohio River and its tributaries were completed a few years ago. It was estimated when the plans were laid for its construction that if it could be completed within 10 years it could be constructed for the sum of \$60,000,000. But under the system of piecemeal appropriation, under the system of piecemeal letting of contracts, and under the system of "pork-barrel" appropriations for the benefit of contractors who seemed to want no development finished, it took 20 years to develop the Ohio River, and it cost \$103,000,000. But in spite of that fact, having been completed, it carried 64,000,000 tons of freight last year, which is 24,000,000 tons more than was carried through the Panama Canal.

All of the Missouri River, the upper Mississippi, and the Tennessee, have not now and have not had any completed channels in spite of the fact that hundreds of millions of dollars have been wasted in so-called inland-waterway development. Because of these facts the people of the great Mississippi Valley, comprising 22 or 23 States, are greatly disappointed that the Congress of the United States and the administration, the representatives of the White House,

have exerted their efforts to prevent a comprehensive scheme for financing, letting of contracts, and development of inland waterways so that the people of this vast inland empire might have the benefit of cheaper transportation and have the benefit of the great savings that could be accomplished if this development was carried out on a businesslike basis.

Think of the \$470,000,000 invested in the last 40 years without any material return, without any material benefit except where completed. Think of the loss of interest on the money invested and that is unproductive because of this almost criminal system of "pork-barrel" waste of public funds. Can we wonder that the people are disappointed that the promises made to them have been forgotten? When is the Government of the United States going to keep its promises to the people? Either the system of development of inland waterways ought to be completed on a businesslike basis and save the taxpayers' money and give relief, or we ought to stop the appropriations because of their almost criminal waste of public funds.

Mr. President, I ask to have printed at the close of my remarks a statement issued on June 29 by Mr. C. C. Weber, president of the Upper Mississippi Barge Line Co.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

**FATE OF UPPER MISSISSIPPI 9-FOOT CHANNEL PROJECT DEPENDS UPON
PRESIDENT HOOVER**

The people of the Northwest should know the status of legislation now in Congress having for its purpose a sound and economical plan for financing waterway improvements. The Shipstead-Mansfield bond bill, which was indorsed by the Mississippi Valley Association, the National Rivers and Harbors Congress, and all those sincerely interested in the speedy development of waterways throughout the country, was embodied in full in the national emergency relief bill which has passed the House. The Commerce Committee of the Senate gave the waterways bond bill its approval; and the Senate relief bill, which has passed the Senate, embodies to an extent its provisions. Both bills are now being considered by Senate and House conferees; and the possibilities are that, if the administration withdraws its opposition, our waterway program will be embodied in the conference report and enacted into law.

The Mississippi Valley and the Northwest have a right to look to President Hoover for support in this particular matter. Before and after his election he was the outstanding advocate of waterway improvements as an aid to commerce, agriculture, and industry. In October, 1929, at Louisville, Ky., he declared for a 5-year construction program to complete the entire Mississippi system. The Shipstead-Mansfield bond bill is the only plan so far proposed that will carry out this program. The depression which followed that address emphasized the immediate need for these improvements not only in aid of commerce, agriculture, and industry, but as a means of relieving unemployment. Further than this, the Mid West has a special right to demand that its balanced trade relations destroyed by governmental action in the building of the Panama Canal be speedily restored through the improvement of the Mississippi Valley system of inland waterways. The duty to correct these distorted conditions without further delay rests with the Government responsible for their creation.

It is with amazement that the people of the Mid West read Mr. Hoover's statement of May 21, 1932, in which he termed river and harbor improvements nonproductive public works. Mr. Hoover, when Secretary of Commerce, traveled the length and breadth of this land advocating the improvement of waterways, including the Mississippi River system, on the premise that it would increase the income of every farmer in the Mid West from 5 to 10 cents per bushel on grains, revive industry, and restore the purchasing power of its people. At Minneapolis on July 20, 1926, he said:

"On the Mississippi system there are no unknown engineering questions. We know what we should do. We know its vast benefits; we know it can be accomplished by comparatively trivial cost compared with these benefits."

President Hoover stated as the policy of his administration that, "We should complete the entire Mississippi system within the next five years."

Three years have since elapsed and no adequate financial policy has been proposed by the administration to carry out its announced policy. The people of the Mississippi Valley and the Northwest have supported the Shipstead-Mansfield bond bill as the only practical financial plan yet proposed to carry out the President's program and this plan will be included in the conference report provided that the administration withdraws its opposition.

We feel in this emergency the public is entitled to the facts in order that the responsibility may be placed where it belongs in the event that this legislation, which means so much to the people

of the Mississippi Valley, fails of enactment. This is not a political question. It is and should remain purely economic.

UPPER MISSISSIPPI BARGE LINE Co.,
C. C. WEBBER, President.

JUNE 28, 1932.

SOUTH FORK, FORKED DEER RIVER BRIDGE

Mr. VANDENBERG. Mr. President, I ask unanimous consent, out of order, to report back favorably from the Committee on Commerce Senate bill 4976, and I submit a report (No. 1001) thereon. This is a bridge bill which the Senator from Tennessee [Mr. McKELLAR] is very anxious to have sent promptly to the House. There is no controversy about it.

The PRESIDENT pro tempore. Without objection, the report will be received.

Mr. McKELLAR. Mr. President, I ask unanimous consent for the immediate consideration of the bill. It will take but a moment.

Mr. REED. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. REED. Will this interfere with the pendency of the motion of the Senator from Vermont [Mr. AUSTIN]?

The PRESIDENT pro tempore. If done by unanimous consent, it will not.

The bill (S. 4976) granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the South Fork, Forked Deer River, on the Milan-Brownsville Road, State Highway No. 76, near the Haywood-Crockett County line, Tenn., was read, considered by unanimous consent, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Highway Department of the State of Tennessee, its successors and assigns, to construct, maintain, and operate a free highway bridge and approaches thereto across the South Fork, Forked Deer River, at a point suitable to the interests of navigation, on the Milan-Brownsville Road, State Highway No. 76, near Haywood-Crockett County line, Tennessee, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

INVESTIGATION OF SHORT SELLING ON STOCK EXCHANGE

Mr. NORBECK. Mr. President, I send to the desk a resolution and ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. Without objection, the resolution will be received and read for the information of the Senate.

The resolution (S. Res. 276) was read, as follows:

Resolved, That the Secretary of the Treasury is requested to make available and furnish such information in the possession of the Treasury and its various departments as may be called for and deemed necessary by the Committee on Banking and Currency of the Senate, or any duly authorized subcommittee thereof, or their duly authorized agents, pursuant to the investigation being conducted under Senate Resolution 84, as continued by Senate Resolution 239.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. REED. Mr. President, will the Senator explain to us the purpose of the resolution?

Mr. NORBECK. The resolution has reference to the investigation of the stock exchange. It will simply make available to the committee any Government records that the committee as such may believe they need in the Treasury Department, which would include the comptroller's office.

I have another resolution referring to the Federal Trade Commission.

Mr. COUZENS. Mr. President, will the Senator yield to me?

Mr. NORBECK. I yield.

Mr. COUZENS. May I ask the Senator if the resolution would include the submission of income-tax returns to the committee?

Mr. NORBECK. I think it would.

Mr. REED. O Mr. President, that could be done only by act of Congress.

Mr. NORBECK. Then it does not include it.

Mr. REED. That is why I wanted to interpose the correction.

Mr. COUZENS. The purpose of the resolution, as I understood, was to secure the income-tax returns of some of the witnesses who appeared before the committee, to ascertain whether they had not defrauded the Government. In other words, as I recall, the testimony submitted was to the effect that deductions for losses in the case of one firm were made by both the firm and the stockholders themselves. If the resolution does not include that I think it ought to, because it is my understanding that any committee of Congress is entitled to these records.

Mr. REED. Mr. President, if the Senator will yield, by act of Congress those income-tax returns are made confidential, except from the Joint Committee on Internal Revenue Taxation and from the Finance and Ways and Means Committees. That can be changed only by action of the two Houses of Congress, approved by the President. If that is the Senator's purpose—and I am in sympathy with it—he ought to make this a joint resolution, so that it will have the effect of modifying the present statute.

Mr. COUZENS. Will the Senator explain to me, then, how the select committee of the Senate secured all the income-tax returns when the select committee was investigating the Bureau of Internal Revenue?

Mr. REED. I do not recall, Mr. President, excepting that the secrecy provision must have been enacted afterwards.

Mr. COUZENS. Oh, no. The committee kept them secret. The select committee, of which the Senator from Indiana [Mr. Watson] was chairman at one time, and later myself, kept all of these secret; but there was no joint resolution passed, and we had access to every single return, and there was none exposed. The Banking and Currency Committee intends to follow the same procedure in checking up to see whether these deductions have been made both by firms and by individuals.

Mr. REED. Mr. President, I am in sympathy with what the Senator from South Dakota is trying to do, and I think I have done my duty in calling his attention to the possible invalidity of his resolution; but I am perfectly willing to let him pass it for what it is worth.

Mr. NORBECK. All right; and I want to say to the Senator from Pennsylvania that I have another resolution drafted to cover the specific matter that has been referred to here.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered by the Senate and agreed to.

Mr. NORBECK. Mr. President, I offer another resolution, which I send to the desk and ask to have read.

The PRESIDENT pro tempore. Without objection, the resolution will be received and read for the information of the Senate.

The resolution (S. Res. 277) was read, as follows:

Resolved, That the Federal Trade Commission is requested to make available and furnish such information in its possession as may be called for and deemed necessary by the Committee on Banking and Currency of the Senate, or any duly authorized subcommittee thereof, or their duly authorized agents, pursuant to the investigation being conducted under Senate Resolution 84 as continued by Senate Resolution 239.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered by the Senate and agreed to.

SILVER SITUATION—ANALYSIS BY SENATOR PITTMAN

Mr. KING. Mr. President, the senior Senator from Nevada [Mr. Pittman] has prepared a very able and lucid analysis of the present silver situation. I am sure it will be considered of value by those who are interested in the silver question, which is indeed our monetary question. I ask that the analysis may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The analysis is as follows:

The silver plank in the Democratic platform is a victory for the Western States, which are both directly interested in the production of silver and in the export trade to China. The rehabilitation of silver, of course, is a world economic question which affects all international trade and commerce, and particularly that of the United States.

Before analyzing the effect of the promise with regard to silver contained in the Democratic platform it will be better instead if we quote the plank. It reads as follows:

"We advocate: A sound currency to be preserved at all hazards; and an international monetary conference called on the invitation of our Government to consider the rehabilitation of silver and related questions."

In the first place, the plank satisfies all sections of the country and those Democrats who had an abiding fear that the efforts toward the rehabilitation of silver meant some form of attack of a destructive nature upon our existing monetary system.

Again, it is emphatic in its promise that our Government, under a Democratic administration, will issue the invitation for an international conference, not alone "to consider * * * the position of silver," as stated in the Republican platform, but for "the rehabilitation of silver," as stated in the Democratic platform. The strongest promise carried in the plank, from the viewpoint of the West, is the unequivocal pronouncement in favor of the "rehabilitation of silver."

While shorter—and necessarily shorter—than the plank that I submitted on the subject to the platform committee, it follows closely and contains substantially all of the promises that I requested. I realized, when drafting the plank that I submitted, that it was the purpose of the committee to prepare and adopt a short platform, and that, in such event, details of promised legislation would be impossible.

Some of the friends of the rehabilitation of silver, not realizing the situation, might at first experience some disappointment. I am aware that some of the delegates from some of the silver-producing States advocated a much further advance than is expressed in the platform. They should not be disappointed at their failure. They have been far more successful than were western delegates to the Republican convention.

The Democratic plank discloses a sincere sympathy for the rehabilitation of silver and the determination that our Government shall take the initiative. Without such sincere sympathy, no platform pronouncement has any value or gives any assurance. This plank assures that a conference will be held in the United States, where it should be held. It insures that the representatives of our Government at such conference will be in sympathy with the purpose proposed to be obtained and will include representatives who are not only in sympathy with the purpose of bringing about the rehabilitation of silver but who understand the subject.

An amendment to the second deficiency appropriation bill providing \$40,000 to defray the expenses of our Government in such conference has just been adopted. This will make it possible for the President to appoint Members of the Senate and House and economists in civil life as members of such a conference, in addition to representatives of the executive department. This is of great importance, as the financial and economic advisers of the present administration have disclosed that they are not in sympathy with any effort for the rehabilitation of silver.

It is to be hoped that the strong pronouncement in the Democratic plank will convince President Hoover of the expediency, if not the wisdom, of issuing the invitation for such a conference. Every Member of the United States Senate, as far as I know, is in favor of the calling of such a conference by our Government.

In February a year ago the Senate voted unanimously for a resolution introduced by me requesting the President to invite the other governments of the world to an international conference for the purpose "of having governments agree to abandon or suspend the policy and practice of debasing and melting up silver coins and disposing of the metal upon the markets of the world," and for the further purpose of agreeing upon the uses and status of silver as money.

Recently the Committee on Banking and Currency of the United States Senate reported favorably a bill introduced by me for the purchase by our Government of silver produced in the United States at the market price and with silver certificates. This bill will undoubtedly pass Congress unless the congested condition of emergency legislation prevents its consideration. By thus taking off of the markets of the world about the same amount of silver annually that is now being dumped by India through the melting up of silver coins, it will aid in the rehabilitation of silver. It will suggest one plan for the consideration of an international conference. There are many other plans that, of course, will be considered at such a conference.

The situation looks more encouraging than it ever has during the 19 years that I have been in the Senate.

REPUBLICAN AND DEMOCRATIC PLANKS ON PROHIBITION

Mr. BROOKHART. Mr. President, I ask permission to have printed in the RECORD an excerpt from the keynote speech of the chairman of the Prohibition National Conven-

tion held at Indianapolis, July 5-7, 1932, on the subject of the Republican and Democratic planks on prohibition.

The VICE PRESIDENT. Without objection, it is so ordered.

The excerpt is as follows:

The Democratic liquor plank is perforated with corkscrews and bungholes. Not satisfied with repeal, it demands the nullification of the eighteenth amendment by an act of Congress permitting the manufacture and sale of preprohibition beer and "other alcoholic beverages" pending repeal.

If the Democratic Party carries the Congress and wins the Presidency on that plank, the eighteenth amendment is doomed and damned. The dry Democrats of the South must assume the responsibility for the return of the legalized liquor traffic if they support that platform.

If they were justified in rejecting Al Smith, and if they rejected him as they said they did, not on account of his religion but because he was wet, even when the platform and the vice presidential candidate was dry, how can they consistently support the ticket now, with both candidates and platform calling for repeal and nullification pending repeal?

We would prefer, if the legalized saloon is to come back, that it come back by a Catholic President than that it should return at the hands of a Protestant, whether High Church Episcopalian or Low Church Quaker.

A HOUSE DIVIDED

The Republican National Convention was divided into two camps, the wringing wets and the wobbling wets. Not a voice was heard but the voice of Esau, ready to sell the birthright of the party for a mess of wet politics. "When the country is teetering on an economic brink, all the Republicans can think about is whisky," said William Allen White at the Chicago convention. "It is grotesque that our sole interest here is in a bottle of booze."

The wringing wets were led by Butler, BINGHAM, and Wadsworth; the wobbling wets were led by the administration "yes men," Garfield, Mills, and Brown. The party not only adopted a repeal plank, it did worse. It proposes, without repealing the amendment, to allow the States by a majority referendum to decide whether they will come under the operation of the Constitution; to put into the Constitution a modifying substitute amendment that applies only to a part of the States while the original amendment will continue to apply to the others. It is what Raymond Robins and the dry leaders have been denouncing as "selective anarchy" for years.

GOOD LORD—GOOD DEVIL

James Francis Burke, general counsel for the Republican National Committee, says, "The plank is fair to both wets and dries, because the major principles of the prohibitionists are preserved and the major demands of the antiprohibitionists are met!" The dries who demand the maintenance of the amendment find that the party is opposed to repeal; the wets who demand repeal find that the party, while retaining the amendment in the Constitution, proposes by the adoption of a supplementary amendment "to allow the States to deal with the problem as their citizens may determine" in a referendum election, thus to license the manufacture and sale of what the Constitution forbids!

Let us suppose that after the adoption of the thirteenth amendment abolishing slavery the Democratic Party had won the election on a plank permitting the former slave States to decide by a majority vote whether the thirteenth amendment should become operative in those States and that the Federal Government would pledge itself to protect such States in their choice, whether it was to abide by the thirteenth amendment and remain free, or rescind the thirteenth amendment and restore the institution of slavery in those States. That is the Republican liquor plank. "If there is no other name by which we may call it, let us call it treason."

The New York Times calls it "left-handed repeal," and says to get that "one has to cut through the worst jungle of verbiage that platform makers ever devised to conceal their thought." The Republican Herald Tribune says, "It includes retention and repeal, a Bratt system, a Quebec system, and a further beauty is none other than the essence of the famous Raskob-Smith plan."

There never was a clearer case of political larceny in American history. It is the Raskob-Smith liquor plank written into the Republican platform bodily. "Leave the eighteenth amendment in the Constitution exactly where it is and put a new amendment in the Constitution which will provide that nothing in the Constitution of the United States shall prevent any State from taking over complete control of manufacturing, transportation, importation, and sale of intoxicating beverages within its own territory," said Raskob at the Democratic National Committee meeting a year ago and at Boston and elsewhere since.

I denounced it as a treason against the Constitution then and I will not vote for it now.

"The Raskob plan, to my way of thinking, meets the prohibition question, . . . a proposal which shall allow any State to get from under the operation of the eighteenth amendment, after a plan approved by it in a popular referendum," said Al Smith in Boston last January and elsewhere.

And we dry Christians who damned Al Smith and supported Herbert Hoover in the last election are now asked to swallow that! Dressed in sheep's clothing and labeled "Republican," we are asked to accept it and give to it the sanction of our votes. Who-

ever does that owes an apology to Al Smith for what the Protestant pulpit did to him in the last presidential election. If now we support a wet Protestant of either party who stands for the same thing, we will brand ourselves as hypocrites before an accusing world.

THE HOOVER HOAX

It is worse than the Curtis hoax that betrayed Colonel Lindbergh while a guest at his table. The Republican ambidextrous, amphibious, and porous-plaster plank is capable of bending in either direction like a piece of whalebone. It takes off from dry land and cracks up in a still. It avoids the word repeal, but provides the method for repeal. It is the most pitiful example of ducking, dodging, and duplicity in the history of American politics. It is the most stupendous, titanic, colossal, calamitous, crimson, consciousnessless, barbaric, and cataclysmic fraud ever perpetrated upon the American people.

As Senator BORAH said in his speech in the Senate three days after its adoption, "It destroys the uniformity of the Constitution throughout the United States. It permits us to have a Constitution applying in one part of the country and not applying in another . . . it is nothing but legalized secession."

"The platform," the Senator says, "has but one definite, unmistakable proposition in it, and that is the repeal of the eighteenth amendment." And the association of organizations in support of the eighteenth amendment are asked to vote for that!

For the past six months the National United Committee has been campaigning in New England, calling upon the people in over 300 mass meetings to "stand by President Hoover" in his brave fight to uphold the Constitution, assuring them, as the President's friends have assured us, that he would not weaken in his support of the eighteenth amendment, proclaiming in half a thousand pulpits that our "unfinished task was to hold New England for the constitutional candidate in the November election," and that "Massachusetts, Rhode Island, and Connecticut was the cockpit in the conflict." I owe to them an apology! And the President owes an apology to the cause which he has betrayed.

POLITICAL EXTREMITY IS PROHIBITION'S OPPORTUNITY

The enemies of national constitutional prohibition are divided into two wet camps. The hour has struck for a new political realignment of the patriotic voters of the country, uniting the dries of the Democratic South with the dry Republicans of the North into a solid phalanx of American patriots in defense of the Constitution as framed by the founders of the Republic and constitutionally amended by their successors, until, as Washington said in his Farewell Address, "It has been changed by the explicit and authentic act of the whole people."

In this hour of their division into two hostile camps there is the possibility of the election of a constitutional President by the united moral forces of the Nation. Moral revolutions do not require, and seldom if ever have received, the support of the majority. The election of Abraham Lincoln and the abolition of slavery did not come about through the support of the majority, but by the division of the proslavery Democratic opposition. Abraham Lincoln was a plurality President, lacking one million and a half of having a majority. The same was true of our World War President, Woodrow Wilson, who was elected by a division of the opposition into two separate camps, and lacked more than two and a half million votes of having a majority.

If those national dry organization and those militant religious denominations which have repeatedly warned the President and the Republican Party of the penalty they would pay if they betrayed the eighteenth amendment to the Constitution make good their threats and prove that their professions of loyalty to prohibition were not empty words, if they will show their faith by their votes and carry out their expressions of devotion and the punishments which they have again and again declared they would impose, the next President of the United States will be a dry candidate of their choice.

The Prohibition Party offers them such a candidate and stands pledged to withdraw him for Senator BORAH or any other candidate on a dry platform that the association of organizations in support of the eighteenth amendment will name. The responsibility is theirs. "Choose ye this day whom ye will serve."

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated below:

H. R. 8374. An act to authorize the settlement, allowance, and payment of certain claims, and for other purposes, was read twice by its title; to the Committee on Claims.

H. R. 10372. An act to authorize the Director of Public Buildings and Public Parks to employ landscape architects, architects, engineers, artists, or other expert consultants; to the Committee on Public Buildings and Grounds.

RECESS

Mr. McNARY. Mr. President, I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and the Senate (at 6 o'clock and 12 minutes p. m.) took a recess until to-morrow, Friday, July 15, 1932, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

THURSDAY, JULY 14, 1932

The House met at 12 o'clock noon.

Rev. J. R. Duffield, secretary of the Washington Presbytery, offered the following prayer:

O God, our Heavenly Father, we rejoice to know that we are in Thy presence; and that as we face the transactions of the affairs of state we face them as Thy servants. Rejoicing as we do in the privileges, and even the responsibilities, that are committed unto us, grant unto us Thy guidance in whatever we do. We thank Thee, O God, that we know who Thou art; that in Thy strength Thou hast ministered to us in the hours of our weakness; that in our sins and in our wandering we have always been certain of Thy forgiveness. As Thou art and always will be unto us, help us to be to each other until the spirit of love and fraternity and fellowship and cooperation shall spread throughout this land of ours. We pray Thee, O Father, that in all things we shall do Thy will as Thou dost give us to see our duty. Amen.

The Journal of the proceedings of yesterday was read and approved.

TRANSPORTATION FOR WORLD WAR VETERANS

Mr. BYRNS. Mr. Speaker, by direction of the Committee on Appropriations, I call up a resolution (H. J. Res. 473) to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932, and ask unanimous consent for its immediate consideration.

The Clerk read the title of the House joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932, is hereby amended to read as follows:

"That to enable the Administrator of Veterans' Affairs, upon the request of any honorably discharged veteran of the World War temporarily quartered in the District of Columbia who is desirous of returning to his home, to provide such veteran with transportation thereto prior to July 25, 1932, by railroad or such other means of transportation as the Administrator of Veterans' Affairs may approve, including allowance in advance for gas and oil for travel in privately owned automobile, together with travel subsistence at the rate of 75 cents per day, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$100,000, and in the event such amount is insufficient there is hereby appropriated out of the general post fund authorized by the act of July 1, 1902, and the act of June 25, 1910 (U. S. C., title 24, secs. 136 and 139), such amount as the Administrator of Veterans' Affairs may determine to be necessary: *Provided*, That where transportation is authorized by other than railroad the amount allowed for same shall not exceed the cost of railroad transportation: *Provided further*, That all amounts expended under this appropriation in behalf of any veteran shall constitute a loan without interest which, if not repaid to the United States, shall be deducted from any amount payable to such veteran on his adjusted-service certificate."

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the House joint resolution was passed was laid on the table.

CONFEREES—HOME LOAN BANK BILL

Mr. STRONG of Kansas. Mr. Speaker, on yesterday I was appointed as a member of the committee of conferees on the home loan bank bill, representing the House. The gentleman from Massachusetts [Mr. LUCE], a member of our committee, was a member of the subcommittee which prepared the bill and has done an immense amount of work upon it. I ask unanimous consent that my name be stricken from the committee of conferees and the name of the gentleman from Massachusetts [Mr. LUCE] placed thereon in my stead.

The SPEAKER. The gentleman from Kansas asks unanimous consent that he may be excused from serving as a conferee on the home loan bank bill. Is there objection?

There was no objection.

The SPEAKER. The Chair appoints the gentleman from Massachusetts [Mr. LUCE] to fill the vacancy on the conference committee, and the Clerk will inform the Senate of the change in conferees.

EXTENSION OF REMARKS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting remarks supplementary to those I made on Tuesday, giving a list of contributors to the Republican campaign fund who have been granted refunds on income taxes from the Treasury.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. SNELL. Reserving the right to object, if the gentleman will include a list of the parties who have contributed to the Democratic campaign fund along with it, I will not object.

Mr. O'CONNOR. If I can find any Democrats who have received refunds—

Mr. SNELL. Not any "ifs" about it. If the gentleman will put it all in, I will not object. Otherwise I will.

Mr. O'CONNOR. If there are any Democrats who have been so fortunate as to get refunds, I will put them in.

Mr. SNELL. I want it perfectly understood that it will be a complete history of the whole proposition.

Mr. O'CONNOR. As far as I can make it.

Mr. SNELL. No; not as far as the gentleman can make it, but I want the whole proposition.

Mr. O'CONNOR. Mr. Sinclair leads the list, I will say to the gentleman.

Mr. SNELL. It does not make any difference. I want the entire list in. Unless the gentleman thinks he can put in the entire list, I shall object.

The SPEAKER. Objection is heard.

DEPARTMENTS OF AGRICULTURE, POST OFFICE, TREASURY, AND WAR
APPROPRIATION BILLS

Mr. BYRNS. Mr. Speaker, by direction of the Committee on Appropriations, I call up a resolution (H. J. Res. 474) making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof, and ask unanimous consent for its immediate consideration.

The Clerk read the title of the House joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the House joint resolution, as follows:

Resolved, etc., That the appropriations and authority with respect to appropriations contained, respectively, in the regular annual appropriation acts for the fiscal year ending June 30, 1933, for the Department of Agriculture, the Treasury and Post Office Departments, and the military and nonmilitary activities of the War Department, shall be available from and including July 1, 1932, for the purposes respectively provided in such appropriations and authority for the service of such fiscal year. All obligations incurred during the period between June 30, 1932, and the respective dates of enactment of each of such acts in anticipation of such appropriations and/or authority are hereby ratified and confirmed if in accordance with the terms thereof.

Mr. BYRNS. Mr. Speaker, this resolution simply refers to those three appropriation bills which were not finally passed until after the beginning of the fiscal year.

It is thought that a resolution of this kind should be passed in order to make these bills retroactive to July 1, in order that no complications or questions may arise hereafter in the action of the comptroller with reference to the expenditures authorized therein.

In order that the RECORD may show that the delay with reference to these bills was not due to any fault on the part of the House, I call attention to the fact that the House passed the Agriculture Department appropriation bill

on January 27; that it passed the Treasury and Post Office Departments' bill on March 5; and the War Department bill was passed by the House upon May 19, which was the last regular appropriation bill for the fiscal year.

The second deficiency bill was passed by the House upon June 3. These bills became laws on the following dates: The agriculture appropriation act was approved July 7; the Treasury and Post Office act was approved on July 5; the War Department appropriation act was finally concluded by both Houses upon July 13.

Similar action has been taken in the past with respect to other appropriation bills. At the first session of the Sixty-sixth Congress, the Agricultural, Army, District of Columbia, Navy, and sundry civil appropriations acts for the fiscal year ending June 30, 1920, and the third deficiency act, fiscal year 1919, failed to become law by July 1, 1919. A resolution similar to the one accompanying this report was enacted making the appropriations contained in such acts available from and including July 1, 1919, and ratifying the obligations incurred during the period such activities were without funds.

The naval appropriation act for the fiscal year 1922 was not approved until July 12, 1921, and a joint resolution was enacted making the funds in that bill available as of July 1, 1921, and ratifying obligations incurred during the period between June 30, 1921, and the date of the enactment of the appropriations.

The District of Columbia appropriation act for the fiscal year 1931 was not approved until July 3, 1930, and in that instance a provision was included in the bill making the funds available as of the beginning of the fiscal year and ratifying and confirming the obligations incurred during the interim.

The committee is of the opinion that the accompanying joint resolution should be enacted in order that the appropriations in these acts may be available without question for the payment of all obligations incurred from and including July 1, 1932, if in accordance with the appropriations and authority with respect to appropriations as contained in the several acts.

I have simply made this statement in order that the RECORD may show just when the House acted upon these bills in the first instance.

Mr. LA GUARDIA. Naturally, there can be no objection to the resolution. It is the proper thing to do.

The point I desired to make at the end of June was that I felt that under our form of government, the only check the people have on the Executive is the power of appropriation. This being so it was my belief and my opinion that on the 30th day of June we should have passed a resolution maintaining these departments pending the passage of the appropriation bill. We should have done it for this reason: To indicate the intent of Congress to carry on these departments. I submit that if Congress purposely refused to appropriate for any department of the Government the Executive would not be empowered to continue that department in existence. This is our check and the only control the people have.

Mr. BYRNS. I understand, but, of course, there was no idea that any department would be interfered with because it was expected these bills would be passed in a few days.

Mr. LA GUARDIA. Exactly.

Mr. BYRNS. And there was a good reason for not passing a continuing appropriation at that time for the few days intervening for the reason that every one of these bills have been very sharply reduced in appropriations for the year 1933 over what they were for 1932 and, therefore, money has been saved by adopting this method.

Mr. LA GUARDIA. That is very true, but in the interim I feel those departments had no real legal or constitutional existence.

Mr. BYRNS. That may be true, but this corrects it, if the gentleman is right.

Mr. LA GUARDIA. Yes.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

PAY OF PAGES

Mr. BYRNS. Mr. Speaker, by direction of the Committee on Appropriations I call up House Joint Resolution 475 and ask for its immediate consideration.

The Clerk read the title of the resolution.

Mr. WOOD. Mr. Speaker, reserving the right to object, is the gentleman from Tennessee going to offer an amendment?

The SPEAKER. The Chair is advised there is an amendment which will be offered if consent is given.

Is there objection to the present consideration of the House joint resolution?

There was no objection.

The Clerk read the joint resolution as follows:

Resolved, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to provide for the payment of 21 pages for the Senate and 41 pages for the House of Representatives at the rate provided by law from July 16 to July 31, 1932, both dates inclusive.

With the following committee amendment:

Page 1, line 8, strike out the figure "31" and insert in lieu thereof the figure "25," and amend the title.

Mr. SIMMONS. Mr. Speaker, I rise in opposition to the committee amendment.

The SPEAKER. The gentleman from Tennessee is entitled to five minutes on the affirmative side, and the gentleman from Nebraska may have the same time in opposition. If the gentleman from Tennessee does not desire five minutes on the affirmative side of the amendment, then the gentleman from Nebraska may be recognized for five minutes in opposition to the amendment.

The Chair recognizes the gentleman from Nebraska for five minutes in opposition to the amendment.

Mr. SIMMONS. Mr. Speaker, I have asked for this time this morning in order to discuss briefly with the membership of the House a proposal I believe will be of interest generally to them.

I think all the membership of the House at different times in their work with the Veterans' Bureau and the present Veterans' Administration have had cases of service men asking for compensation, asking for disability allowances, asking for a determination of their right to hospitalization, asking for pensions, in which they have felt the bureau was wrong in its decisions. I have had such cases. There are other cases in which quite clearly the Government has not been satisfied with the decisions that have been made.

It is fundamental, as I see it, under our theory of Government that every citizen has the right to a judicial determination of the law and the facts with relation to any claim he has against any citizen or against the Government.

In my judgment there ought to be some tribunal whereby a veteran who is dissatisfied with the awards of the Veterans' Bureau in his pension case, in compensation, or disability allowance cases, or the right to hospitalization has an appeal. The appeal should be to some board or tribunal, not an administrative board under the control of the Veterans' Administration.

On January 24, 1930, I introduced H. R. 9112, a bill providing for the creation of a board or court to consider the border-line or disputed cases. It was referred to as an equity court. The passage of the disability-allowance legislation precluded consideration of that proposal at that time. The situation now calls for some change or relief from the present condition.

I have to-day introduced House Joint Resolution 477, which has been somewhat hastily drawn. Obviously it is not perfect, but I am introducing it with the thought in mind of calling it to the attention of the membership of the House and of the veterans' organizations of the country to the suggested plan of setting up, independent of the Veterans' Administration, a board of appeals to which veterans and the Government may appeal these cases, similar in a way to the Board of Tax Appeals, that now decides controversial tax matters in the Bureau of Internal Revenue. I am calling it to the attention of the membership of the House for study and constructive suggestions as to the plan involved in the

resolution, and generally with relation to the underlying need for some judicial decision of this mass of cases that are now administratively decided in the Veterans' Bureau, and from which decisions there is now no appeal under present procedure.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. CHINDBLOM. The gentleman said a judicial decision. Is it the purpose of the gentleman to establish a judicial body to hear these appeals?

Mr. SIMMONS. You may call it a court; you may call it a board; but the underlying purpose is to have some tribunal whose function it is to decide the questions of law and fact more as a judicial matter than as an administrative matter, as is now done.

Mr. CHINDBLOM. After all, it will be nothing but an administrative body, I think the gentleman will admit. Unless you have a court you are not going to have a judicial determination.

Mr. SIMMONS. The gentleman from Illinois has made a suggestion. Whether you call it a court or a board it will be a determination of the facts and the law. It will be a board to which the veteran may go with his representative and have these questions submitted to this tribunal, call it a board or call it a court, and there have a decision based on those facts.

Mr. CHINDBLOM. But if it is merely an administrative body it is only another step along the line of consideration, determination, and adjudication that you have now in the Veterans' Bureau, and it simply means one more step along the line of bureaucratic determination.

Mr. SIMMONS. Unfortunately the bill has not been printed, but I have safeguarded that. The bill provides specifically that there shall be an independent board and it also provides that the Veterans' Bureau shall abolish existing boards whose functions will not now be needed.

We ought to have something in the nature of a judicial determination, where the veteran has a right to appeal, where he has a right to appear, and where he has a right to submit the questions of law and fact involved in his case and get a decision.

Mr. SEGER. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. SEGER. In the setting up of this board does the gentleman contemplate having veterans on the board?

Mr. SIMMONS. The board which I contemplate setting up would be appointed by the President and confirmed by the Senate, as are other boards of like character.

Mr. SEGER. And does the gentleman provide that veterans shall be on that board?

Mr. SIMMONS. Naturally veterans should be on that board.

Mr. MOUSER. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. MOUSER. I am very much interested in the gentleman's proposition and think that by all means it should be adopted. We all know that interrelated boards are naturally going to be sympathetic with the lower tribunal that is included in the same set-up and the tendency is to confirm the decision of the lower tribunal. There are many boards to which these claims for compensation and disability allowances can be appealed but as a matter of fact they very rarely overrule the inferior tribunal because of the natural sympathy which exists between them. We should have an independent board to which an appeal can be taken and independent decisions rendered.

Mr. SIMMONS. Not only that, but the veteran whose case has been disallowed feels he has been discriminated against because of the situation which the gentleman describes.

[Here the gavel fell.]

Mr. SIMMONS. Mr. Speaker, a number of Members are on their feet desiring to ask questions, and therefore I ask unanimous consent to proceed for two additional minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. COCHRAN of Missouri. Is it not a fact that if the Congress would use language that would more clearly set out its intent as to the veterans' act, there would be practically no use for a board such as the gentleman advocates?

Mr. SIMMONS. I can not agree with the gentleman at all. It is not so much the fault of the law but it is the fault of administrative bodies deciding matters wherein too often they are both prosecutor, defense attorney, witness, judge, and jury.

Mr. COCHRAN of Missouri. It is the fault of the law in a great many cases, because we leave it to the department to adopt regulations rather than writing it into the law itself. The department in some instances does not follow the intent of Congress owing to the nature of the regulations.

Mr. SIMMONS. But the fact remains that the veteran wants a place where he can get a judicial determination of his claim.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. SIMMONS. Yes, sir. The gentleman always has a very sympathetic and attentive concern in all matters affecting the veteran.

Mr. SUMMERS of Washington. Would the findings of this board be final or would there be a further appeal?

Mr. SIMMONS. It would be final unless it could be reopened, as I think it should be, in the event new evidence could be submitted.

Mr. SUMMERS of Washington. But there would be no other appeal?

Mr. SIMMONS. There would be no appeal beyond this board under my proposal.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. LaGUARDIA. I think the gentleman's idea might serve a very good purpose and eliminate some of the appeals and mistakes now being made. How would the gentleman prevent a new crop or a new variety of lawyers coming up, appearing before this board and soliciting cases?

Mr. SIMMONS. That can be prevented, and there is in the present draft of the bill a provision to the effect that while lawyers may appear they can not be given any awards except those approved by the board and not to exceed 5 per cent of the initial award of the board.

Mr. LaGUARDIA. That might prevent abuses.

Mr. SIMMONS. That would prevent lawyers from going out and scalping these cases. I submit the proposition to the House for its consideration. [Applause.]

Mr. JOHNSON of South Dakota. Mr. Speaker, I move to strike out the last two words.

Mr. BYRNS. I will say to my friend that I have no objection to his consuming five minutes but I was permitted to bring up these resolutions on the promise that they would not take very long. Mr. Speaker, I ask unanimous consent that all debate upon this resolution and all amendments thereto be concluded in six minutes.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, on what subject does the gentleman from South Dakota desire to speak?

Mr. JOHNSON of South Dakota. I wish to discuss the same board that the gentleman from Nebraska has been discussing.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. JOHNSON of South Dakota. Mr. Speaker, the question of the resolution to be introduced to-day by the gentleman from Nebraska and myself is entirely nonpartisan and entirely nonpolitical. The resolution is introduced solely that the new committee formed by the House under the substitute to the economy bill offered by the gentleman from North Carolina [Mr. BULWINKLE] and adopted by the House may have before it the desire to have in the Government a board something like the Board of Tax Appeals, where the average service man and the Government also may have a judicial board which can render a final con-

clusive decision in compensation and disability allowance service cases.

All of you who have presented these cases to the Veterans' Administration during all of the years since the war know that the presentation of a service man's case is an interminable matter. There are in the bureau file after file of cases with thousands and thousands of sheets in them. There may be a final determination, and yet the filing of one more affidavit reopens the case, makes more overhead and administrative expense and dissatisfies the veterans.

The gentleman from Nebraska [Mr. SIMMONS] and myself have felt that there is a fundamental right in the United States for every person to have a judicial determination of his rights. It is our form of government. We recognize the judiciary, whether you call it something like the Board of Tax Appeals or a board such as we provide in the bill to be to-day introduced. We recognize the fact that this board will thoroughly go into every phase of the matter, will become fully advised as to the situation and we believe that here is a forward step that may be taken in the determination of veterans' cases. We believe it will result in stricter justice to the Government and stricter justice to the service man. It has been drawn with the idea that the principles of equity will apply rather than the strict principles of law.

Mr. MOUSER. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I yield.

Mr. MOUSER. One thing that would follow, if such a tribunal were established, would be a judicial interpretation of the laws that we have passed, which might get around certain regulations that the department has promulgated.

Mr. JOHNSON of South Dakota. I would not want to go so far as to say that. I would say that this board, being appointed for a number of years, being divorced entirely from the Veterans' Bureau and being at least a semijudicial body, would be better equipped to decide these matters than a purely executive board.

Mr. MOUSER. If the gentleman will permit one further question, assuming that the attorney fee is limited to 5 per cent of the amount of recovery, how much would an attorney draw in the case of a disability allowance which would be payable for the life of the beneficiary or as long as the disability lasted?

Mr. JOHNSON of South Dakota. I may say to the gentleman that I do not think there will be much attorney fees. If the gentleman knew the history of pension legislation as I know it, and the attempts that have been made to write into the veterans' administration laws provisions that would have provided \$10,000,000 of attorneys' fees, I believe the gentleman would agree with me that they should practically be eliminated. The veterans' organizations and the veterans will secure their justice without there being a great amount of attorneys' fees.

Mr. MOUSER. In that event, the tribunal would fix the fee, would it not?

Mr. JOHNSON of South Dakota. I would not go so far as to say that there should be a fee. There is no fee provided for under the present law, and we have not contemplated changing the present law in that regard except as to the 5 per cent fee of the first payment.

Mr. ALMON. Will the gentleman yield?

Mr. JOHNSON of South Dakota. Yes.

Mr. ALMON. The gentleman speaking has been for many years interested in legislation on behalf of the World War veterans. I would be pleased if the gentleman could give us as much information as he can as to the prospects of securing final enactment of the bill providing a pension for the widow of a World War veteran, whose husband's death was not of service origin.

Mr. JOHNSON of South Dakota. I will say to the gentleman that I voted against that bill when it was before the House. It is now in the Senate, as the gentleman knows, and I have no way of knowing what may be in the minds of gentlemen in the other body.

Mr. CONNERY. Will the gentleman yield?

Mr. JOHNSON of South Dakota. Yes.

Mr. CONNERY. This board, as the gentleman has said, will be supposed to apply the principles of equity in so far as

the veterans are concerned, and I will be in favor of anything that will help us to get these cases fixed up properly, but if we have the same success in the future that we have had in the past with the present ratings board, then we might as well throw the whole thing out of the window.

Mr. JOHNSON of South Dakota. Under the proposed legislation some of the existing boards will be abolished.

[Here the gavel fell.]

The committee amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title was amended.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the House now take up bills on the Consent Calendar, unobjected to, beginning at the point where we left off on yesterday.

Mr. HARE. Mr. Speaker, reserving the right to object, I would like to ask the gentleman if he contemplates taking up the Private Calendar at any time soon.

Mr. BYRNS. I have not charge of that. My request relates only to the Consent Calendar.

Mr. CHINDBLOM. Mr. Speaker, reserving the right to object, under the gentleman's request, bills will not be stricken from the calendar, if objected to, but will retain their place on the calendar?

Mr. BYRNS. I think that is the understanding.

Mr. STAFFORD. It is to be the same order under which we proceeded yesterday, I assume.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

CONSENT CALENDAR

The Clerk called the first resolution on the calendar under the unanimous-consent agreement, House Joint Resolution 434, a joint resolution to authorize and direct the Secretary of Agriculture to provide additional facilities for the classification of cotton under the United States cotton standards act, and for the dissemination of market-news information.

The SPEAKER pro tempore (Mr. WOODRUM). Is there objection?

Mr. STAFFORD. I ask unanimous consent that this bill go over without prejudice.

There was no objection.

TO STOP INJURY TO PUBLIC GRAZING LAND

The Clerk called the next bill on the Consent Calendar, H. R. 11816, a bill to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

The SPEAKER pro tempore. Is there objection?

Mr. EATON of Colorado. Upon request of the gentleman from Utah [Mr. COLTON] I ask unanimous consent that this bill go over without prejudice.

There was no objection.

H. R. 297—AN APPEAL FOR RELIGIOUS LIBERTY AND FREEDOM OF THOUGHT

Mr. GRIFFIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. GRIFFIN. Mr. Speaker, as the first session of the Seventy-second Congress is drawing to a close without definite action having been taken on my bill (H. R. 297) to conform naturalization procedure to the American Bill of Rights, I feel that I ought to make some statement as to its purpose and its present status for the information of the Membership of the House.

Such a statement is due, not only to my own self-respect, but as a matter of grateful acknowledgment to the thousands of unselfish Americans who have come voluntarily to the support of a measure which they regard and I regard

as based upon the foundations of true democracy and true Americanism.

Mr. Speaker, it seems strange at this late day for a Member of the House of Representatives of this great and cultured Nation to be obliged to lift his voice in behalf of religious liberty and freedom of thought. Those are principles in the structure of the American system of government which we usually take for granted—assuming that they were settled and ineradicably fixed in our Constitution when the Bill of Rights was adopted. Yet so deeply are the atavistic primitive instincts embedded in the human race that, notwithstanding the progress of science, the widespread prevalence of education, and the general advance of culture and civilization, there persistently appears, at intervals, strange revivals of medievalism. Race prejudice and bigotry manifest themselves with all their pristine venom, lifting their slimy heads to threaten with their poisonous fangs the very life sap of civilization.

When the United States made its appearance among the family of nations, the intelligent and far-seeing statesmen, who framed our Constitution, had in their mind's eye a long and doleful history of the evils of race prejudice and religious intolerance. Therefore, in drawing up the document which was to be the organic law of our Nation, they took particular pains to see that it would become not only a framework of government but a great charter of human liberty.

WHAT THE CONSTITUTION SAYS

In the body of the instrument therefore we find this basic guaranty:

Article VI, section 3: No religious test shall ever be required as a qualification to any office or public trust under the United States.

I implore your particular attention to that language and pray you to keep it in mind during this argument. You will be called upon to weigh in your mind the question whether it could have been the intention of the founders to prohibit a religious test for office holding and yet insist upon such a test for simple citizenship. You will ask yourself, "Is not citizenship a public trust?" And, if you are a true American, you will conclude that it is no more proper to insist upon a religious test for citizenship than it is for office holding.

Notwithstanding the plain import of this language, the framers of our Constitution strove to make "assurance doubly sure," and the very first amendment emphasized the importance of the question by the use of the following language:

Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof, or abridging freedom of speech or of the press.

The clear import of these two specific guaranties of human liberty is that they were intended to be universal in their application; in other words, that they should apply without exception to every inhabitant of the United States, to wit, that the same principle which prohibited religious tests for officeholders would prohibit religious tests for those seeking citizenship, and that if freedom of thought and of speech was to be guaranteed to native-born citizenship it must of necessity be guaranteed to every inhabitant of the United States, whether native born or naturalized.

THE NATURALIZATION OATH

Accordingly Congress prescribed a form of oath to be administered to intending citizens, wherein the alien is called upon "to support and defend the Constitution and laws of the United States of America against all enemies, foreign and domestic," and "bear true faith and allegiance to the same"; and that he or she would "take this obligation freely without any mental reservation or purpose of evasion."

For over a hundred years aliens were naturalized upon expressing their willingness to take this oath. No attempt was made to analyze or enlarge it. It was taken for granted that if the naturalized citizen were willing to support and defend the Constitution, he or she would do so in such manner, in such place, and by such means as Congress and the laws made by Congress might direct.

QUESTION NO. 22 (LATER NO. 24)

But the great World War came on and evoked an extraordinary manifestation of hysteria. The Bureau of Naturalization seems to have been bitten by the bug and decided to elaborate the term "support and defend the Constitution and laws," notwithstanding Congress gave it no such authority. Upon its own responsibility about nine years ago the bureau inserted in the questionnaire addressed to intending citizens this broad, general question:

22. If necessary, are you willing to take up arms in defense of this country?

This question has since been asked of all applicants, irrespective of age, sex, or condition of health. Grave judges and, presumably, sane and intelligent clerks of the Naturalization Bureau have been required to ask this foolish hypothetical question of females of every age, although women were never expected to take up arms in any of our wars. They even asked it of old men, beyond the age of military service, and of the lame, the blind, and the crippled. If it were not so serious in its consequences, it would be laughable. What a fertile field for the cartoonist. A regiment of the blind, the lame, the crippled, and the aged—all with guns in their hands and banners waving: "We swore to take up arms in defense of the country, and we're doing it!"

If the question were framed along the line of ascertaining from the applicant if he or she would render such service in defense of the country in time of war as Congress might require, it might not be objected to; but, even at that, any inquiry as to what a person thinks he or she may do at some time in the future is hypothetical and absurd. It does not matter what they think. As "citizens" they must obey the law.

The working out of this question has shown its utter stupidity and folly. This question No. 22 or, as it later became, "question No. 24," has been given a ridiculously, blood-thirsty meaning, particularly in the case of professional nurses, the inquisitors hurling at them the question "if they would shoot to kill" and a host of other foolish questions.

DANGEROUS IMPLICATIONS

The arrogation of the power by the Bureau of Naturalization without the authority of Congress, to interpret and enlarge the terms of the oath of allegiance is pregnant with dangerous implications, threatening the guaranties of religious liberty, and freedom of thought. First of all, there are three large religious bodies—the Quakers, Mennonites, and Dunkards—of well-recognized patriotism and civic virtue, whose discipline and teachings are decidedly against war. Their attitude was recognized and respected in the selective service act, which exempted from the draft all persons who are found to be members of any well-organized sect then existing "whose existing creed or principles forbid its members to participate in war in any form."

Not only that, but the following States of the Union have provisions in their respective constitutions specifically exempting from military duty all persons "whose conscientious scruples forbid them to bear arms." I will insert the table here.

State constitutions with provisions exempting from military duty persons whose conscientious scruples forbid them to bear arms, with date of adoption

Alabama	1819
Arkansas	1868
Colorado	1876
Florida	1868
Idaho	1889
Illinois	1818
Indiana	1870
Iowa	1816
Kansas	1846
Kentucky	1857
Louisiana	1855
Maine	1857
Maryland	1792
Michigan	1799
	1879
	1898
	1819
	1864
	1850

Mississippi	1817
Missouri	1820
New Hampshire	1865
New York	1792
North Carolina	1821
Pennsylvania	1846
South Carolina	1868
Vermont	1876
	1790
	1838
	1895
	1793

QUESTION NO. 24 REALLY BECOMES A RELIGIOUS TEST

To permit a bureau of our Government to ask any question whatever which touches the religious views or conscientious scruples of an applicant for citizenship is tantamount to a religious test and a restraint on freedom of thought in violation of the guaranties of our Constitution. It means that the avenues of citizenship are to be forever closed to those persons whose religious views or philosophical opinions happen not to meet the approval of the bureau or coincide with its interpretation of the obligations of citizenship.

IT IS NOW UP TO CONGRESS

Unfortunately, the United States Supreme Court in several decisions has upheld the action of the Bureau of Naturalization, but in each case by a divided court. The question is by no means settled, and it is now up to Congress to put its own interpretation on the term "defend the Constitution."

When the Schwimmer case was decided in May, 1929, I was particularly struck with the dissenting opinion of the Hon. Oliver Wendell Holmes, which was concurred in by Justice Brandeis and the late Justice Sanford.

Justice Holmes, let it be emphasized, was far from being a pacifist. He served all through the Civil War and bears on his body the scars of three wounds he received in hard-fought battles. Mrs. Schwimmer was a woman 50 years of age. She was an author and lecturer and entertained strong pacifistic views, and believed that "war will disappear and that the impending destiny of mankind is to unite in peaceful leagues." Justice Holmes gave utterance to this classic comment:

The notion that the applicant's optimistic anticipations would make her a worse citizen is sufficiently answered by her examination, which seems to me a better argument for her admission than any that I can offer. Some of her answers might excite popular prejudice, but if there is any principle of the Constitution that more imperatively calls for attachment than any other it is the principle of free thought—not free thought for those who agree with us but freedom for the thought that we hate. I think that we should adhere to that principle with regard to admission into as well as to life within this country.

And recurring to the opinion that bars this applicant's way, I would suggest that the Quakers have done their share to make the country what it is, that many citizens agree with the applicant's belief, and that I had not supposed hitherto that we regretted our inability to expel them because they believe more than some of us do in the teachings of the Sermon on the Mount.

THE GRIFFIN BILL

The day following the handing down of this historic decision I introduced a bill known as H. R. 3547, Seventy-first Congress, first session. It was the same in substance as H. R. 297, introduced in the current session, except that in the last paragraph of the new bill the following explanatory phrase was added: "but every alien admitted to citizenship shall be subject to the same obligations as the native-born citizen."

[H. R. 297, Seventy-second Congress, first session]

A bill to provide that religious views or philosophical opinions against war shall not debar aliens, otherwise qualified, from citizenship

Be it enacted, etc., That the fourth subdivision of section 4 of the act entitled "An act to provide for a uniform rule for the naturalization of aliens throughout the United States, and establishing the Bureau of Naturalization," approved June 29, 1906, as amended March 2, 1929 (Public No. 962, 70th Cong., sec. 6 (b)), is amended by adding at the end of the first paragraph thereof the following new sentence: "Except that no person mentally, morally, and otherwise qualified shall be debarred from citizenship by reason of his or her religious views or philosophical opinions with respect to the lawfulness of war as a means of settling international disputes, but every alien admitted to citizenship shall be subject to the same obligations as the native-born citizen."

WIDE INDORSEMENT OF THE BILL

Instantly, upon the introduction of this bill, I became the recipient of hundreds of commendatory letters from the clergy of all denominations, professors of law and history, and civic workers and organizations. The Scripps-Howard, the Hearst papers, and the most influential newspapers and magazines in the country published spirited editorials in its approval.

The Reverend Henry S. Coffin, president of the Union Theological Seminary, wrote me in this strong language:

I do not see how, in the light of our American history, it is possible to make willingness to bear arms a requisite for citizenship. When one recalls the great service to our Nation by such religious bodies as the Quakers and when one realizes that in other Christian communions there have been noteworthy individuals who have been both loyal patriots and conspicuous servants of the commonwealth while conscientiously opposed to participation in war, it seems absurd not to make proper provision for this group in our citizenship.

An interpretation of the Constitution has been made by our courts which would rule out William Penn and many more of his persuasion. It is high time that Congress rectified this matter. We can not unwrite the past, and surely the future ought to be made congruous with a very noble element in our history which safeguards the liberty of conscience for the individual.

I also quote from a letter of Dr. Harry Emerson Fosdick:

From the days of the American Revolution, when the Quakers of Pennsylvania rendered such loyal service to the national cause, people of that faith have been among the great builders of our commonwealths.

I understand that legislation is being considered which will do away with this barricade that now prevents the naturalization of conscientious objectors. I am writing to express my cordial approval of such legislation and my satisfaction that you are proposing it. I trust that success may come to a liberal Americanism which has always been cautious about any attitude involving the invasion of private and conscientious judgment.

I cull this choice extract from a very interesting letter written me by Guy Franklin Hershberger, professor of history in Goshen College:

If alien advocates of peace who come to our shores are undesirable as citizens, then it must follow that those peaceful people who have lived here for two and one-half centuries are bad citizens as well. Sixteenth century Europe regarded the Mennonites as bad citizens, with the result that thousands of them suffered martyrdom. To-day Soviet Russia regards these same peaceful, religious Mennonites as bad citizens and deals with them in true sixteenth-century fashion. And the logical conclusion of the recently adopted American policy would be, it would seem, to declare these peaceful Christians now among us undesirable and refuse to tolerate them any longer. Would America follow in the footsteps of Soviet Russia?

INDIVIDUAL INDORSERS

Among the individual indorsers of the bill are to be found some of the most distinguished men and women of to-day. Without making any invidious distinction, I will only dare to mention these: Jane Addams, Carrie Chapman Catt, Fannie Hurst, Katherine Devereaux Blake, Harriet Stanton Blatch, Dorothy Canfield Fisher, Lillian D. Wald, Mary E. Woolley, Alice Stone Blackwell, Helen Tufts Bailie, Prof. Harry Elmer Barnes, Rev. S. Parkes Cadman, Dr. Stephen S. Wise, Prof. Zachariah Chaffee, jr., Arthur Garfield Hays, Rev. John Haynes Holmes, Dr. George W. Kirchwey, Don Seitz, Prof. James T. Shotwell, Prof. F. W. Taussig, Dean Clarke of Yale, Prof. Laswell of Chicago, Prof. Felix Frankfurter, William A. Neilson, Hon. John W. Davis, and Oswald Garrison Villard. There are scores of others who ought to be included in this roll of honor, but their names appear in the hearings on the bill.

GRIFFIN BILL COMMITTEE

Entirely without my knowledge groups of educated and enlightened men and women throughout the country organized associations to advance the movement to conform our naturalization laws to the guaranties of the United States Constitution. Branches were established in all the large cities and a national Griffin bill committee was organized under the presidency of Mrs. Lola Maverick Lloyd, a descendant of Revolutionary forefathers. She resides in Chicago. She is still in office. The former secretary, Miss Elizabeth Black, after having performed splendid work, was compelled, out of consideration for her health, to resign. She is succeeded by Mr. Alfred Lief, an author of distinction,

who is a great admirer of Justice Holmes and who published the latter's dissenting opinions as a labor of love. The work has had an extraordinary popularity.

THE HEARINGS ON H. R. 3547

Having the backing of intelligent public opinion, I demanded a hearing on the bill. The first hearing was held on May 8, 9, 1930, under the chairmanship of the Hon. ALBERT JOHNSON, whose hostility to aliens of all kinds is well known, and with him, perhaps, a matter of pride. The friends of the bill were heckled outrageously, and everything was done to confuse and misinterpret the purpose of the bill. He persisted in insisting to the end that the bill was intended to allow candidates for citizenship to take the oath "with certain reservations," and even gave the hearings that misleading title. Let us pass over the "hearing" in silence.

THE HEARING ON H. R. 297

On Tuesday, January 26, 1932, another hearing was granted on the bill by the new chairman of the Committee on Immigration and Naturalization, the Hon. SAMUEL DICKSTEIN. All who attended the hearing unite in extending to him their heartfelt appreciation of his fairness and intelligent acumen.

The witnesses for the bill, however, did not escape the usual discourtesies from the opponents of the bill, whose position on the committee protected them from any counter-attack. They were virulent, venomous, and unreasonable. The former chairman, the Hon. ALBERT JOHNSON, of Washington, was in his best heckling form and he was ably seconded by the Hon. ROBERT A. GREEN, of Florida, MARTIN DIES, of Texas, ARTHUR M. FREE, of California, and the Hon. THOMAS A. JENKINS, of Ohio.

FLAG WAVEES TO THE FRONT

Both hearings brought to the front a number of so-called patriots who deliberately persisted in misrepresenting the aim and purpose of the bill. They charged that its object was to admit aliens into the country—although it has nothing whatever to do with immigration. The bill, of course, deals only with those aliens who are here and who have been lawfully admitted.

They charged that its purpose was, not only to invite communists into the country, but to allow them to take the oath of allegiance without assuming the obligation to bear arms. Just the merest tittle of reflection would have made it apparent to them that all the dangerous foreign elements—communists, anarchists, and bolshevists—have not the slightest aversion to war or to the shedding of human blood and that if they entertained the thought that question No. 24 was going to act as a barrier to the admission of such aliens they were grossly mistaken.

In drafting this bill my purpose was to conform the naturalization laws to the bill of rights. The language was plain. The object was clearly in keeping with traditional American ideals. But the flag-waving fanatics who attacked the bill resorted to lies and distortion.

Their armory was void of logical arguments, so they had to drape themselves with spurious patriotism. In so doing they witlessly stepped into the rôle of bolshevistic tyranny.

Freedom of thought, freedom of speech, and the free exercise of religion are approved by these professional patriots only if the applicant for citizenship accepts their particular brand.

I assumed that everyone knew that those who had been denied citizenship because of their religious or philosophical views on war were willing to take the oath of allegiance "to defend the Constitution and the laws." In this I was mistaken. It was falsely and maliciously represented that those rejected had refused to take the oath of allegiance and wanted to qualify it and secure exemption from service in case of war. Such an idea was preposterous.

THE PATRIOTEER'S PUZZLE

How can anyone avoid the obligations of a citizen by becoming a citizen? Yet these scatterbrained fanatics kept echoing and reechoing the statement:

These aliens want to get the advantages of our citizenship without its obligations.

They never even paused long enough in their propaganda to reflect that a citizen is a citizen no matter how he attains that status and that, even if he or she wanted to, no alien could become a citizen without assuming all of the obligations of citizenship. Not only that, but to still their pretended fears, I even added that guaranty at the end of the new bill.

They failed to realize that Congress has never surrendered, and is never likely to surrender, its jurisdiction over the duties of citizens in time of war, and that citizens, however created, are and always will be amenable to the direction of Congress as to when, where, how, and in what capacity they shall function in time of war.

AUTHORIZING DIRECTOR OF PUBLIC BUILDING TO EMPLOY LANDSCAPE ARCHITECTS, ETC.

The Clerk called the next bill on the Consent Calendar, H. R. 10372, to authorize the Director of Public Buildings and Public Parks to employ landscape architects, architects, engineers, artists, or other expert consultants.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, I am in sympathy with the purpose sought to be accomplished by this bill authorizing the Director of Public Buildings and Public Parks to employ landscape architects, regardless of the civil-service rules.

However, I think there should be some amendment restricting the period of time when these men so employed would be on the Government pay roll. I would suggest that the employment should be limited to not more than one year. With that, and striking out the traveling expense provisions, I have no objection.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. LaGUARDIA. Does the gentleman propose to limit the employment to one year or the appointment to one year?

Mr. STAFFORD. The amendment I have drafted provides that the employment shall in no instance be for a longer period of time than one year. I can see some merit in the gentleman's criticism.

Mr. LaGUARDIA. To give him the privilege of making the appointment for one year.

Mr. STAFFORD. My idea was that the director ought not to have the right to employ an expert ad infinitum, but restrict the employment to one year. He may make a subsequent employment after the 1-year period has expired.

Mr. LaGUARDIA. I should think it would be better if you limited the period of making the appointment. Otherwise he could continue making appointments after the emergency had expired.

Mr. STAFFORD. There might be an expert so highly valuable that it would be expedient to retain him for a longer time, but he should not be employed indefinitely.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. CLARKE of New York. Knowing the gentleman's long and valuable service as a legislator, I would like to have his opinion of the success of the civil service.

Mr. STAFFORD. Mr. Speaker, on a day like to-day, with the temperature up near 100, I do not think the gentleman from New York should ask me to go into a discussion of such magnitude. [Laughter.]

Mr. ALMON. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. ALMON. The Committee on Public Buildings and Grounds heard Colonel Grant on this bill and found no objection to it. If the gentleman is going to make that amendment, I suggest that he make it two years instead of one. The gentleman from New York [Mr. REED] is looking after the bill for the committee, but he is not here at this time.

Mr. LaGUARDIA. The amendment to be offered by the gentleman from Wisconsin is a reasonable one, and I do not think the gentleman from New York [Mr. REED] would object.

Mr. ALMON. I will say that it might be difficult for Colonel Grant, Director of Public Buildings and Grounds, to secure

the services of an eminent architect for only one year. He might not be willing to come to Washington for so short an employment. For that reason, I think the gentleman had better make it two years.

Mr. STAFFORD. May I say to the gentleman that the Government is employing experts off the civil service register, as for instance, Maj. Hugh L. Cooper, who designed the Keokuk Dam across the Mississippi, employed by the War Department, as an expert consulting engineer in the building of Muscle Shoals, and I know the gentleman from Alabama must know of him in connection with Muscle Shoals—

Mr. CLARKE of New York. Has he not been employed by Russia also?

Mr. STAFFORD. Subsequently, yes. His work is so well recognized by reason of his work at Muscle Shoals that he has been employed elsewhere. In that instance he was employed at the rate of \$50 a day. I can conceive where Colonel Grant might need the services of some scenic artist and pay him at a certain rate per day where he is giving his services, and the rate agreed upon should be applicable for a year. Then if he wishes to reemploy him again, he should have that privilege, as the amendment proposes. It is not doing violence to the original intentment of the bill. I read carefully the letter of Colonel Grant to the chairman of the committee, the gentleman from Texas [Mr. LANHAM], and I have given this bill more than passing attention.

Mr. PATTERSON. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. PATTERSON. What is the purpose of this further than what we are having carried out right now in the city of Washington? I would like to have the gentleman explain the matter.

Mr. STAFFORD. The gentleman inquires as to whether we shall have a permanent civil-service employee being paid at an annual salary for continuous services, and not give to Colonel Grant this privilege, usually extended to all employers, namely, the right to obtain services of an expert for consulting purposes. This is only to authorize Colonel Grant to employ some outstanding expert to give his opinion as to some technical matter. That expert should not be employed during the entire year. He gives his expert advice and counsel to the Government as need be.

Mr. PATTERSON. And this extends a privilege to Colonel Grant which other similar employers already have now?

Mr. STAFFORD. In private employment.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Director of Public Buildings and Public Parks of the National Capital be, and hereby is, authorized to employ in his discretion by contract or otherwise landscape architects, architects, engineers, artists, or other expert consultants, or firms, partnerships, or associations thereof, including the facilities, service, travel, and other expenses of their respective organizations so far as employed upon work for the said director, in accordance with the usual customs of the several professions and at the prevailing rates for such services, without reference to the civil-service requirements or to the classification act of 1923, as amended, and without regard to the restrictions of law governing the employment, salaries, or traveling expenses of regular employees of the United States; and that expenditures for such employment shall be construed to be included in any appropriation heretofore or hereafter authorized or appropriated for any work of the Director of Public Buildings and Public Parks of the National Capital.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 2, line 6, after the word "employment," strike out the comma and insert the word "or," and after the word "salaries" strike out "or traveling expenses."

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. STAFFORD: Page 2, line 7, after the word "States," insert the words "which said employment shall in no instance be for a longer period of time than one year."

Mr. STAFFORD. Mr. Speaker, I wish to say to the gentleman from New York [Mr. REED] that this would not prevent the Director of Public Buildings and Public Parks from employing the same expert for an additional period of one year, except that he would be required to enter into a new contract of employment after the 1-year period. My thought was that we should not delegate to the director the privilege of employing a person over a long period of years, thus binding the Government in that way, but that he should be authorized to employ him for temporary periods over 1-year periods.

Mr. REED of New York. Mr. Speaker, I rise in opposition to the amendment. This bill comes from the Committee on Public Buildings and Grounds. We had before us Colonel Grant, who, of course, has given very careful study to this matter. There is a large number of important park developments in the city of Washington. Gentlemen are familiar with the one down here toward the station. This work is progressing, and it is necessary for the director to have experts plan these parks, so that when completed they will harmonize with the general plan established for the public parks in Washington. As the matter stands now, if he wants to get an expert it is necessary to conduct an examination through the Civil Service Commission, and then the expert is put on the permanent roll. That means an extravagance and an expense to the Government to perform work that perhaps would require only a week or two weeks.

Mr. PATTERSON. The only difference from the present law is that this bill permits him to employ an expert without a civil-service rating.

Mr. REED of New York. Exactly, and if a professional planner is put on the regular roll, under the law he has to be kept there.

Mr. EATON of Colorado. And for a period not to exceed one year. Colonel Grant wants to save money, and it strikes me that two years will bring better results than the 1-year period.

Mr. GARBER. Does not the gentleman think there should be some limitation upon the authority to employ, which reads, "to employ in his discretion, by contract or otherwise, landscape architects, architects, engineers, artists, or other consultants, or firms, partnerships, or associations thereof, including the facilities, service, travel, and other expenses, etc.," without any limitation upon the power to employ or any limitation upon the authority to fix salaries or compensation? What information has the gentleman at his disposal to give the committee in regard to the estimated cost of the authority granted in the proposed measure?

Mr. REED of New York. The only thing I know is this, that if Colonel Grant is compelled to put these experts on the permanent roll, with a civil-service status, there is no question that we shall be forcing the director to engage in a program that will be expensive.

Mr. GARBER. Do we not know that under civil service the salary or compensation is much smaller and more consistent with existing conditions than the granting of authority to go out and employ experts and architects and engineers without any limitation whatever?

Mr. REED of New York. I know the gentleman will agree with me on this, that if the gentleman were selecting an expert to do a real piece of work in his own business, he would want a real expert and not a civil-service selection.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. REED of New York. I ask unanimous consent to proceed for two additional minutes.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. REED of New York. The gentleman would want a real expert. He would not want to go to the Civil Service Commission on a thing as important as the development of

a city like the city of Washington. I quite agree that a limitation might be desirable were it not for the fact that I question whether any public official in connection with the Government has performed finer, more economical service for the Government than has Colonel Grant. I think we can trust him to do this work and to do it economically, and we know that he will do it well if he has an opportunity to select the very best experts to do this work.

Mr. GARBER. There is no question about Colonel Grant's authority and the thoroughness of his administration. But these experts, these engineers, these architects, and all that class of people have not conformed to existing conditions in reference to the charges that they exact from the Government, and that is the very proposition that I think we ought to guard against. We must bring the administration down to an economical basis under existing conditions.

Mr. REED of New York. I agree with the gentleman that there is always that danger; but I do believe that in this particular case, where there is not much of this work, it is a question of getting the right man for certain temporary work, and we could leave it to Colonel Grant. We ought not to put a man on the roll permanently for a temporary job.

Mr. GARBER. Did Colonel Grant give any estimate as to what the cost would be?

Mr. REED of New York. No; because most of these are rather small jobs, and that is the reason why he did not want to be forced to put men on the permanent pay roll.

Mr. GARBER. Does not the gentleman think there should be some maximum limitation upon the authority?

Mr. REED of New York. I have no quarrel with the gentleman on that point.

The SPEAKER pro tempore. The time of the gentleman from New York has again expired.

Mr. LA GUARDIA. Mr. Speaker, I ask recognition.

Mr. PATTERSON. Mr. Speaker, I make the point of order that all debate is exhausted on the amendment.

The SPEAKER pro tempore. The gentleman from Alabama makes a point of order that all debate on the amendment is exhausted.

Mr. PATTERSON. Mr. Speaker, upon receiving further information, I will withdraw the point of order.

Mr. LA GUARDIA. Do I understand the gentleman from New York to say he is opposing the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD]?

Mr. REED of New York. No; I am not opposing it, except I believe it would be better if they had two years within which to clean up this work.

Mr. LA GUARDIA. I want to point out to the gentleman from New York that the gentleman from Wisconsin [Mr. STAFFORD] gave notice that he would offer this amendment, and under that reservation no objection was made. The gentleman realizes that we are going a long way in permitting this unusual procedure in the appointment. We certainly can not establish any precedent whereby we would permit employment without a civil-service requirement. The gentleman has made a very good case for his bill, but I suggest that the gentleman accept the amendment.

Mr. REED of New York. Oh, yes. I have no objection.

The SPEAKER pro tempore. The question is on agreeing to the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD].

The amendment was agreed to.

Mr. GARBER. Mr. Speaker, I object to further consideration of this bill.

The SPEAKER pro tempore. The gentleman's objection is too late.

Mr. MCGUGIN. Mr. Speaker, I move to strike out the last word.

Mr. GARBER. Mr. Speaker, in view of the information given, I will withdraw my objection.

Mr. MCGUGIN. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

Mr. PATTERSON. Reserving the right to object, what is the gentleman going to speak about?

Mr. MCGUGIN. The farm relief bill. I am quite certain the gentleman from Alabama will take no exception to it.

Mr. LA GUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. LA GUARDIA. Simply to keep the record straight, I understand the bill now under consideration is the bill H. R. 10372. The Speaker had asked if there was objection to its present consideration, and I understood there was no objection, and that an amendment was offered and is now pending.

The SPEAKER pro tempore. The amendment was agreed to.

Mr. LA GUARDIA. Therefore, any objection to consideration at this point in the proceedings comes too late?

The SPEAKER pro tempore. The gentleman is correct. The bill is open for amendment.

Mr. MCGUGIN. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. MCGUGIN. Mr. Speaker, the Senate has passed the Norbeck bill for the benefit of agriculture. Mr. RAINEY, Democratic leader of the House of Representatives, has heretofore sponsored a similar bill. It is my understanding that Mr. KLEBERG, Democrat, of Texas, has heretofore sponsored a very similar bill.

This is an emergency bill, which will not only save agriculture from an immediate and complete bankruptcy but may, in turn, very well save the American Government and American civilization from the greatest crisis which has ever faced this Government or this western civilization.

There is no quick or short way out of this crisis. At this moment, optimistic as we may be, the next six months bids more fair to bring riot, bloodshed, and human suffering such as this Nation has never known than it does to bring any measurable relief or improvement from our present sad status. The only way to escape the impending danger is to be found in an immediate reduction of unemployment in American industry. Unemployment can not be corrected without markets for the products of American industry. We know that our foreign markets are gone and there is no hope of any immediate improvement in them. Everything points to a reduction of foreign markets rather than to an increase in foreign markets. Therefore any possible reduction in unemployment must be found in increased home consumption. In the matter of home markets American industry must depend upon the 27,000,000 farm people. These farm people are impoverished. They can not pay their taxes on present farm prices. There is no possible way for the American farm people to buy any of the products of industry unless there is an increase in farm prices.

The price of wheat at this time for the American farmer is, roughly, 25 cents a bushel. This Norbeck bill means that the American farmer would receive 67 cents a bushel for about 70 per cent of his wheat and 25 cents a bushel for about 30 per cent of his wheat. This means that he would receive an average of 54.4 cents a bushel for his wheat, instead of 25 cents a bushel. Agriculture can not prosper at a price of 54.4 cents a bushel for wheat; however, agriculture can pay more than twice as many debts and buy more than twice as many products of the American factories with 54 cents a bushel for wheat than it can with 25 cents a bushel. As a matter of fact, American agriculture can buy some of the products of American industry with 54 cents a bushel for wheat, while it can not buy any of the products of American industry with 25 cents a bushel. Twenty-five cents a bushel will not pay the cost of production, and there is nothing left with which to buy any of the products of the American industry.

In the case of cotton, the American farmer is receiving about 4 cents for all of his cotton. Under this bill he will

receive 5 cents a pound extra for approximately half of his cotton and 4 cents for the remaining half of his cotton. This means that the American cotton planter will receive an average of about 6½ cents for his cotton, instead of 4 cents. The cotton planter is not going to make any money with 6½-cent cotton, but he can pay nearly twice as many debts and taxes with 6½-cent cotton as he could with 4-cent cotton. He can buy some of the products of American industry with some of the money received from 6½-cent cotton, whereas he can not buy any with 4-cent cotton, which will not pay the cost of production.

In the case of hogs, the American farmer is at this time receiving something like 4 cents a pound for his hogs. Under this bill he will receive 6 cents a pound for 80 per cent of his hogs and 4 cents a pound for 20 per cent of his hogs. This will mean that he will receive an average of 5.6 cents a pound for all of his hogs. He can not make any appreciable amount of money producing hogs at 5.6 cents a pound, but he can pay a lot more debts and taxes with 5.6 cents a pound for his hogs than he can with 4 cents a pound. He can produce hogs at 5.6 cents a pound and buy some of the products of American industry, but he can not buy any of the products of American industry producing hogs at 4 cents a pound and less, because that price does not pay for the cost of production.

This bill is simple of operation. No man can offer any objection to this bill unless he places his objection on the position that he does not want an increase in commodity prices. If there is not an increase in commodity prices, then, my friends, steel yourself for bankruptcy throughout the agriculture sections and for far worse in the industrial sections. In the industrial sections, the present price of farm commodities will mean not only financial bankruptcy but it is going to mean human misery, world without end, and social disorder to an extent which any intelligent and right-thinking person shudders to contemplate.

This bill has none of the objections of complexity of operation which was to be found in the equalization fee. It has none of the economic and governmental objections of taking money directly or indirectly from the public treasury as was to be found in the debenture plan. It has none of the impossibilities of operation which might lead to confusion and possible riot and disorder in the agriculture sections as is to be found in the Simpson allotment plan. It simply increases the commodity prices and places the American farmer in a position where he may be able to escape a sheriff's sale on the courthouse steps and be able to buy the products of American industry, which means the placing of some men back to work.

Give us this bill and a shorter work day, or shorter work week, or both, and we bid fair to meet this emergency of unemployment which is threatening the stability of government and foundation of American civilization. All of these relief measures based on the principle of taking money out of the public treasury are bound to fall short of their purpose, cast our Government into bankruptcy, lead further and further away from traditional America, and nearer and nearer to communistic Russia.

The SPEAKER pro tempore. The time of the gentleman from Kansas has expired.

Mr. ALLEN. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas may be allowed to proceed for three additional minutes.

Mr. CLARKE of New York. Will the gentleman make it four additional minutes, as I want to ask a question?

Mr. ALLEN. Four additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. ALLEN]?

There was no objection.

Mr. McGUGIN. As to the political possibilities in this bill, I am perfectly content to substitute the Rainey or Kleberg bills for the Norbeck bill, thereby taking the political credit away from a Republican and giving it to a Democrat. In times of distress such as these I am willing to submerge all partisan political advantage and follow the philosophy of the Rubaiyat and "take the cash and let the credit go." This is the opportunity of the Democrats of this House if

they will prevent an adjournment until this bill is enacted into law. The other side of the situation is this: A Republican Senate has passed it and it can not die except that this Democratic House forces an adjournment, refusing to enact this bill into law. The destiny and the fate of this bill at this moment is in the hands of the Democratic majority in this House. The Democrats control the Agriculture Committee. This bill can not get out of the committee unless the Democrats bring it out. The Democrats control the Rules Committee by a majority of 8 to 4. After the Agriculture Committee reports favorably on this bill, it can not reach the floor of this House for consideration except that the Democratic Rules Committee permits it to come to the floor. The enactment of this bill and the blessings to be derived from it brings immeasurable political advantage to the Democratic Party. That is the advantage of being in control of the House of Representatives. The failure to enact this bill, denying the American people the blessings to be derived therefrom, heaps condemnation upon the Democratic Party. That is the responsibility for being in the majority control of this House of Representatives.

The army of gaunt, hungry, and suffering men to-day marching in front of the Capitol is fair warning to this Congress that it must not adjourn and run from its responsibility. I fear that it is an excuse which is forcing a premature adjournment and surrender of government in this crucial hour. The meeting of the situation which is symbolized by this army is not to be found in voting money from a Public Treasury, which is already bankrupt and is now bleeding an impoverished people. It is only to be found in getting the unemployed back to work. It will not be a full solution of this problem but it will be an immeasurable improvement if this Congress will enact this bill, which will increase the price of farm products so that the 27,000,000 farm people can buy some of the products of American industry, thereby requiring labor to manufacture these products, together with a resolution by this Congress appealing to employed labor, capital invested in American industry, and to the American people immediately to reduce the hours of labor and thereby divide available labor among more people. It will not be a great enough solution as a permanent proposition, but it bids fair to be enough to save this country from the otherwise inevitable distress, the ends and proportions of which no man knows. Let us not adjourn and surrender. Let us stay at our post and do the best that we can.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. CLARKE of New York. The limitations on the bill that the gentleman has discussed favorably are for three of our major farm products.

Mr. McGUGIN. Three of our major farm products.

Mr. CLARKE of New York. Cotton, hogs, a by-product of corn, and wheat. Now, if the principle is fair to those three major products, why should not the principle also be applied in the line of equality in national legislation, to other major farm products, like dairy products, like wheat, like tobacco, and other products?

Mr. McGUGIN. I will say it is an emergency measure for one year.

Mr. CLARKE of New York. Suppose it is. Is there any more emergency for those fellows than there is for the dairyman, the tobacco growers, or the wheat grower, or the rice grower?

Mr. McGUGIN. Does the gentleman want to ask a question for me to answer, or does he want to answer his own question?

Mr. CLARKE of New York. I am asking the gentleman a question.

Mr. McGUGIN. Let me answer it. On the basis of last-year program fully respecting equality, there is but one answer to the question the gentleman presents. However, if cotton is taken care of and if wheat is taken care of you take care of the two great major farm products. If you take care of hogs it indirectly takes care of corn and other feed crops. It may not reach the dairy situation, but the outstanding purpose of this bill is to take care of those

commodities that are to-day suffering, not alone by the depression in America, but because their surplus must be sold on foreign markets for cheap foreign money which is brought back home and exchanged into American money. The present disparity of foreign exchange is especially destructive of the producers of American farm products, the surplus of which is sold abroad.

I say that in this emergency any farm product which is suffering as a result of its export surplus should be in this bill.

Mr. SCHAFER. Will the gentleman yield?

Mr. MCGUGIN. I must first yield to the gentleman from New York, and then I will yield to the gentleman from Wisconsin if I have enough time.

[Here the gavel fell.]

Mr. FITZPATRICK. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas have two additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. MCGUGIN. I yield.

Mr. FITZPATRICK. Who is to pay the increased cost the gentleman referred to?

Mr. MCGUGIN. It comes from the processor, who in turn passes it to the consumer.

Mr. FITZPATRICK. Who finally pays the extra price?

Mr. MCGUGIN. The consumer. There is no question about that. There is no such thing as increasing commodity prices without someone after the producer paying the increase.

Mr. FITZPATRICK. With all the processes they have to go through, assuming the consumer did not pay, or the retailer did not refund, under the bill the United States Treasury would have to meet the deficit, would it not?

Mr. MCGUGIN. No. The Treasury does not enter into this. The point is, the processor, the miller, and the packer simply pay this much more for the product than they would usually pay, and they are protected.

Mr. FITZPATRICK. They give the farmer a certificate of some kind, do they not?

Mr. MCGUGIN. No; that is not my understanding. The money is collected back from the processor, but it is based on the amount which is consumed in this country, and not on the surplus.

Mr. FITZPATRICK. Does he receive the full amount at the time he delivers his wheat or his hogs?

Mr. MCGUGIN. No. He receives it ultimately from the processor, and the processor passes it on.

Mr. FITZPATRICK. How does he receive it back when wheat is selling for 25 cents? He will receive 25 cents a bushel at the time he delivers the wheat and will also receive a certificate.

Mr. MCGUGIN. In the case of wheat he will receive 25 cents a bushel and in addition will receive 42 cents on the per cent of the wheat consumed in America. He will probably receive this additional 42 cents at some time in the future.

Mr. FITZPATRICK. When will he receive the additional amount?

Mr. LAMNECK. As soon as he cashes his certificates.

[Here the gavel fell.]

Mr. SCHAFER. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas have two additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SCHAFER. Will the gentleman yield?

Mr. MCGUGIN. I yield.

Mr. SCHAFER. The gentleman spoke about some of these farm products being crucified. I may state that if the gentleman will look into the facts he will see that the farm products corn and barley have been crucified on the prohibition cross. If he would turn to the repeal of prohi-

bition for relief for the farmer, instead of following the Anti-Saloon League, he would get somewhere.

Mr. MCGUGIN. I am glad to have this enlightening information from the gentleman from Wisconsin, but I am afraid we can not wait for relief until the far-off time when the eighteenth amendment is repealed.

Mr. BURTNESS. I think there is a general misunderstanding as to what the farmer is to get. The farmer would receive only a certificate based on the ratio between wheat sold for domestic consumption and wheat exported?

Mr. MCGUGIN. Yes.

Mr. BURTNESS. And the certificate would not be payable out of the Treasury in any event until the Treasury had collected the money from the processor?

Mr. MCGUGIN. Not one penny.

Mr. BURTNESS. And it would be prorated back?

Mr. MCGUGIN. It does not come out of the taxpayers of the country.

Mr. LA GUARDIA. The gentleman is in error. The certificate is payable within 30 days; but if there is nothing in the fund, he is not going to be paid.

[Here the gavel fell.]

Mrs. ROGERS. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and also to insert in my remarks a short letter I have written to various clubs and organizations upon money management and individual budgeting; also a speech I delivered before the New England Education Association at Atlantic City.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mrs. ROGERS. Mr. Speaker, my remarks are not upon a Republican or Democratic subject but upon a subject which is nonpartisan and which is vital to us at this time of the reconstruction period in our own financial and national economic matters. We are trying to cure our economic illness. In curing it we must find the causes for it, eradicate them, and prevent the germs from attacking again. It is, however, generally agreed that unwise distribution of money is one of the causes of the financial malady.

This person and that person, this group and that group, are blamed for the present upset business conditions; but if we are honest, we must admit that we the citizens of the United States, to a great extent, have only ourselves to blame.

Members of Congress receive day after day letters from all over the country asking us to balance the Budget. As they come in we wonder how many of these people try to, or know how to, balance their own budgets. We wonder how many of these people know how to manage in any degree their own money. They write us to balance the Budget, and in the next sentence ask us to make some huge governmental expenditure.

In order to do away with economic illiteracy, we must face the facts. Most of us are economically illiterate. I have been working for months trying to start the people of the country upon an individual budgeting movement. I want the people to become budget conscious—budget conscientious.

Hundreds have said to me: "If I had only managed my money, if I had only budgeted, I would have something to-day, now that I am out of employment, and I should know that I would have a roof over my head and enough to eat and enough to wear." We are now paying the price, both individually and nationally, of our economic illiteracy.

I believe these men who are here from all over the country who are asking for a bonus would much rather have jobs so that they could give their families food and clothing, and then the bonus would be insurance for themselves and their families when they are older or for their families if they should die before the bonus matured. I have so much sympathy with them. Perhaps if some of them had understood budgeting, in common with thousands of us, they would be able to get along at the present time. It is obvious there is something wrong with our economic structure. We must

see that our financial building in the future is on a firm foundation.

We have half forgotten the value of the penny. Even the children do not know the value of a penny to-day. They think nothing of a penny or of a few pennies. When you were children, and when I was a child, we valued pennies; we counted our pennies. Let us make all the people of America count their pennies and distribute them wisely. Let us help them start upon a simple budgeting plan.

The National Retail Credit Association has indorsed the Florence Barnard plan of budgeting or money management, about which I spoke to them at their national convention in Washington a few weeks ago. They realize that if people managed their money properly, balanced their own budgets every month, they are much more likely to pay their bills. They are much better credit risks—and it will help the purchasers, for they can secure credit much more readily.

The letters we receive from people who balance their own budgets show very plainly they understand what it means for us to try to balance the National Budget. They are usually constructive. My colleagues, you have many friends. You can do much when you go back to your districts to get this country started on a stable financial basis if you will only help in this movement. It is just as great a patriotic duty as buying Liberty bonds in the World War. It requires no legislation. It requires only concerted action. Every school in the land ought to teach its children the value of the pennies, how to make them count that they may know the value of a dollar. We owe it to our children and our children's children to give them a chance to learn money management. As one educator has said, "Time and money management should have been taught from the very beginning of education." Unfortunately, as far as I can learn, there is only one place in America where money management is being taught throughout the school system. During the past four years the Florence Barnard plan of money management has been conducted with marked success in the schools of Brookline, Mass. It is so simple a child can understand it, yet it is suitable for the adult. At the present time children are taught how to make money, but they are taught very little about what to do with that money after they get it. This is unfair.

Children taught to budget in their youth will budget automatically when they grow up. Remember also that there is a definite relation between budgetary planning for individual citizens and budgetary planning for the town, the city, the State, and for the Nation. Public officials who balance their own budget will be loath to squander the taxpayer's money, and the taxpayer who balances his own budget will not tolerate profligate spending by public officials.

Can you not understand what it would mean if we, the adults, managed our own incomes wisely, no matter how small they are. We would then know the value of the dollar. We could then get the most for our money. Laying aside every month a certain amount for our necessities, a certain amount for giving, a certain amount for amusement, a certain amount for insurance, and a certain amount for savings banks and investments will provide security and a feeling of stability.

I have sent the following letter to numerous clubs and organizations and much interest has been expressed in a national budgeting drive:

MY DEAR ———: No one really knows the cause of the present business depression, but everyone realizes that most Americans have been living far beyond their means. Many of us are economically illiterate. Comparatively few understand money management. Few understand the value of a budget, which, of course, means living within one's income and distributing one's resources proportionately. Hundreds of people to-day are saying, "If I had only been taught how to manage my money." If everyone had to know how to budget, the country would not now be paying the price.

That the Nation may learn as soon as possible how to manage money, and to the end that this country may never be in such a sad plight, a national economic education movement is essential. It is insurance against depression. I have already asked the aid of the Federal Government to have money management taught in the schools of the Nation. Children taught budgeting in their youth, will budget automatically when they grow up. As one

educator has said, "Time and money management should have been taught from the very beginning of education."

I have asked the Secretary of the Interior to urge the introduction of money management in every school in the land. I have suggested that the Florence Barnard money-management plan be employed, as it seems to be the simplest and best. It is so simple a child can understand it, and it is suitable for adults. It teaches the value of a dollar as well as the value of a penny. The same general principles that can be given the distribution of 10 cents are applicable to the distribution of \$10,000. For four years this plan has been developed in the schools of Brookline, Mass., with marked success.

I have also asked the aid of the Federal Government in a nation-wide campaign to make the adults budget-minded. At this time old and young should go hand in hand and learn together, and there is no surer way of reaching the parents than through their children.

I am appealing both to men's and women's organizations. The American husband is very generous. He allows the wife to spend the money in the family pocketbook. He has faith in his wife. Does she always justify that faith? It has been claimed that the extravagance of women is one of the causes for the depression. No woman will let that statement go unchallenged.

Wise spending, wise saving, and wise giving affect health, morals, happiness. They make character and develop spiritual growth. They mean self-preservation for the individual and salvation for the Nation.

Individual budgeting is an incentive to do the best one can with one's resources instead of trying to keep up with one's neighbor. It develops self-respect. It would bring about a more even distribution of money and thereby aid every industry, every bank, every insurance company, every church, and every charity. It would bring about wiser and better legislation. The Federal Government is expected to balance the Budget. Why should not the individual balance his budget?

Your organization is powerful. Will you help save the Nation's financial structure? In the war period people sold Liberty bonds. Will not your members, as a patriotic duty, volunteer to teach economy in the real sense of the word?

The women of America played a vital part in the World War. The country needs your splendid, unselfish war-time spirit again.

With kindest regards,

Yours very sincerely,

MRS. JOHN JACOB ROGERS.

This individual budget movement would give a feeling of security; already has the indorsement, also, of a great many of the different banks, a great many of the different insurance companies, and the churches. One church plans to have this system introduced into every one of its mission schools. It has the indorsement of better-business organizations and of different clubs. You can see why the industries and the stores are interested in this movement as well as the charitable organizations, because an intelligent, proportionate distribution of money will assist everybody. It will help turn the wheels of industry again. It will provide employment. [Applause.]

THE MOST FOR YOUR MONEY

(Speech delivered June 28 to the National Education Association at Atlantic City by EDITH NOURSE ROGERS)

One of the most glaring causes for the existing upset business conditions is the woeful lack of protection of the dollar by the individual. Probably one reason for this is the fact that the United States was enjoying such great prosperity. The people felt that even greater prosperity was just around the corner and why worry about budgeting or careful management of their money which would safeguard them in case of smaller income or no work. Why worry about charging everything at the shops regardless of whether they could pay the bills, when undoubtedly they could either make higher wages or obtain money in speculation? The crash of values came with its day of reckoning and to-day people are wondering how they can avoid the pitfalls of the past and start on the upgrade of a real and stable prosperity.

The present financial breakdown is a spotlight in the highway of national bankruptcy. For passing a red light in the lane to prosperity we always pay. Thousands of American citizens would have been able to tide over the crisis in comfort if they had spent their inflated wage earnings in accordance with sound principles. But many are much more badly frightened than hurt and nothing will steady them more than taking stock of their resources and planning how they can best distribute them.

If out of the present economic crisis we can find ways and means to improve existing conditions and to avoid their recurrence, the experience nationally and individually will not have been in vain.

The letters which we, as Members of Congress, have been receiving from all over the country certainly point to at least one definite need; that is, economic education which shall develop a clear understanding of the few simple principles upon which successful money management is based. Every individual who possesses clear ideas about living within income and proportionate distribution of income is fitted to apply these principles to the use of family as well as personal income, or to the disbursement

of public revenues. Personal budgeting of expenditures should be practiced from the earliest years. The schools of our country should give everyone an opportunity to develop a scientific and practical method of budget making. Let the schools make our children budget conscious and budget conscientious.

Up to the present time systematic training in the management of money has not been included in school or college curricula to any great extent. One place in the country, however, has been conducting a pioneer experiment under the direction of Miss Florence Barnard in economic education (time and money management) throughout its public-school system during the past four years. Under competent leadership, and with the cooperation of able and progressive-minded teachers, the results so far attained have proved that effective work in this field is not only possible but eminently practical. I find that educators and economists of national repute, who have been watching this Brookline, Mass., experiment with keenest interest, are unanimous in their favorable comments about the plan used there. It is so simple a child can understand it, and yet suitable for adults. I quote the words of one who said in a personal letter to me, "I consider it the most comprehensive and practical plan of which I have learned."

Among the features that characterize this work in the schools in Brookline are the following:

(1) Money management, which involves arithmetic, thrift, safety, and citizenship training, is being closely connected with character development from the kindergarten through high school. Money management, in other words, is being used as a guide to and test of life management.

(2) Pupils are being taught the principles underlying safe investment and how to raise the standard of living on the income that each one has. In this way they are being steered away from aiming for standards beyond their means.

(3) The budgeting habit among both boys and girls is being cultivated as early as the fifth grade, and they are being led onward into adult budgeting logically and naturally.

After four years of this program of instruction beneficial results are accruing to the pupils of the public schools of Brookline. They are learning:

(1) That there are a few very simple principles that underlie all successful money management.

(2) That by distributing allowances or income proportionately they can save more, give more, and have more.

(3) That it is easily possible to control money, and by so doing oftentimes control circumstances.

(4) That it is not the amount of income so much as the management of it that leads to happy, successful living.

The budgeting habit obviously lays foundations for accurate accounting and bookkeeping in business and commercial life and is a contribution to successful home making. It is known through judges and court records divorce in many cases can be traced to money considerations or mismanagement. Budget-mindedness leads to stability. Such a habit fosters self-control and leads to self-respecting financial independence. It is directly preventive of poverty and crime. Not only is physical health in many ways dependent upon the wise use of money, but the mental, moral, and spiritual effects of sane thinking about money matters can not be questioned.

Our Nation is entering upon a new phase of its economic existence. The easy road to wealth through the exploitation of extensive natural resources has been blocked. There is no more land to acquire for an insignificant sum. Our free forests are owned. Our mineral wealth has been tapped. From now on our economic progress must be attained through the development of personal skill and ability to render needed service. The first requisite to success in this new era will be the conservation of monetary rewards for this service. While increasing the capacity of youth to earn through the development of increased vocational skill, the schools must develop a respect for the income earned through this increased capacity to serve. They should teach children that it is just as patriotic to protect the American dollar as it was to buy Liberty bonds during the World War. The efforts of the schools should be supplemented by a nation-wide movement at this time to enlist all adults in the effort to stabilize values. At this time old and young should go hand in hand and learn together, and there is no surer way of reaching the parents than through their children.

I believe it is our patriotic duty to help in such a way under present conditions no less than it was our duty to raise funds through Liberty bonds to finance the war. We are face to face with our own economic illiteracy, and the responsibility of correcting this condition rests entirely with us, the citizens of our country. The time for action is here and now. Delay means continuance of the economic illiteracy which is responsible for very many of the evils of our times.

The thousands of bonus marchers now encamped in Washington give testimony that there is something radically wrong in our economic structure. If these men had jobs they would prefer them to a bonus from the Government. Jobs would mean money for daily living and the bonus insurance for the future of themselves and family. If these men knew money management they would be much more apt to realize just why the payment out of the Treasury of such a huge sum to help only one group of citizens would further stagnate business and make jobs they would like to have an impossibility for themselves and for thousands of others out of work. The pathos of their plight makes me all the more anxious to secure stable economic readjustments. Their behavior in Washington proves again what fine Americans they are.

The average American upholds a high standard of honesty in business and a commendable respect for ownership of property and money, but there are thousands of people who assume financial obligations which common sense should tell them they can never fulfill. Under the pressure of high-powered salesmanship the citizen with low resistance to temptation yields to his inclination to outdo the Jones and his other neighbors in possessions until his financial status is hopeless.

The rapid rate of economic progress in this country has earned the applause of the whole world. American citizens are very proud of their wealth and business power. That all good things might be "bigger and better" is a well-known American ideal. However, the very spirit that prompts us to strike for distinction in the grandeur of material things in this country is now a cause of much tribulation. We are paying dearly for our too pretentious ambitions. We have trained ourselves to acquire wealth rapidly, but have often allowed ourselves to expend it foolishly.

Remember also that there is a definite relation between budgetary planning for individual citizens and budgetary planning for the Nation. Individuals who have learned to save money for themselves will be slow to countenance prodigal spending by public officials. Members of Congress are now flooded with letters from their constituents urging the appropriation of huge sums for every conceivable purpose. Some of these purposes are selfish. Many of them are sincerely planned to aid the Nation in this emergency. Most of them are unwise. If we have not the money, it can not be spent for any purpose. The relation of the individual budget to the National Budget will be realized as we begin to pay the taxes which it has been necessary to levy to defray our national debts. The French have more nearly returned to normal conditions than the people of any other country. They have been able to do so because they realized the value of the sou.

With the same end in view, let us bring the penny back into the esteem and respect of the American people.

If America is to return to a period of material prosperity, it will be only through the efforts of its citizens, individually and collectively, to guide their spending wisely. There is a great opportunity for tremendous public service knocking at the door of the educators. Getting the most for our money not only in material but in spiritual values rests in large part with them. Their teaching makes good citizens or bad citizens. Truly their responsibility is great. Truly the future of America is in their hands.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

AMENDMENT OF THE ACT TO PROMOTE THE MINING OF COAL, PHOSPHATE, ETC.

The Clerk called the next bill, S. 4509, to further amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain."

Mr. STAFFORD. Mr. Speaker, I object.

Mr. EATON of Colorado. Will the gentleman withhold his objection?

Mr. STAFFORD. I will be glad to do so.

Mr. EATON of Colorado. Perhaps the gentleman is not fully informed as to the purpose of this bill. It came to the Public Lands Committee—

Mr. STAFFORD. If the gentleman will permit, I am that much informed that I know the committee did not follow the recommendation of the department and in its present form the bill is objectionable for that reason.

Mr. EATON of Colorado. If the gentleman will read the bill before him he will find it is not in the exact language concurred in by both the Department of the Interior and the Navy Department. I would suggest that if we wanted the bill best to conform we should strike out, in line 6, on page 2, the words "nothing in," but as the bill is drawn it takes care of the situation.

Since before 1929 the Department of the Interior has been trying to stop the production of oil not merely upon its own leases but throughout the United States. In the interest of conservation a scheme was started to have the owners of all oil lands—private oil lands, and Government oil lands in different oil pools—agree upon the amount of production. In connection with permits upon which oil was discovered and for which leases were allowable under the law, requirements have been made that the lease being issued, production should not be made under the lease for 1 year, 2 years, or 3 years; and as each of those periods has matured, the

time has been further postponed by the Department of the Interior.

Under the terms of the leases it is required that during the period of nonproduction certain rentals shall be paid; and whether there has or has not been production, there is no provision permitting the whole term of the lease to be extended into the future. That has been fair and it has been recognized as fair, and finally the department sent up a recommendation that during the time of the lease, where the department, in the interest of conservation, has postponed the production of oil, the time of the lease should be extended and that the rentals during that period should be waived.

Mr. STAFFORD. Will the gentleman yield in that particular?

Mr. EATON of Colorado. Yes.

Mr. STAFFORD. In its letter the department says the rentals should not be suspended, because that is not the method followed in commercial leases. This bill does not follow the recommendations of the department.

Mr. EATON of Colorado. It is practically in the language furnished by the department. The bill reads:

In the event the Secretary of the Interior, in the interest of conservation, shall direct or shall assent to the suspension of operations—

You will notice it is when the Secretary of the Interior, in the interest of conservation, has ordered or shall assent to suspend operations, then the payment of acreage rentals shall be suspended during that period and the term extended. The point which has been at issue between the Interior and Navy Departments is whether this permission should be extended to the Navy leases. In my personal opinion, it should be, but the Navy Department's last recommendation was that they had not yet so decided, and therefore the Navy leases are excluded. However, I venture to say that in the next Congress the Navy Department will return with the recommendation that there be added to this very bill a provision just as it is here to cover oil wells on naval reserves. If my personal view, and I think the view of a number of members of the Public Lands Committee, were to be adopted, in line 6, on page 2, the words "nothing in" would be stricken out, so that the proviso would read:

That this act shall be construed as affecting existing leases within the borders of the naval petroleum reserves and naval oil-shale reserves.

If the gentleman is going to take the report of the Secretary of the Navy, he should not object to this bill, because this bill refers only to those lands that are not in the Navy leases.

Mr. LaGUARDIA. Does this refer to Navy leases?

Mr. EATON of Colorado. This absolutely excludes all the Navy leases.

Mr. LaGUARDIA. Where have we heard that before?

Mr. COLTON. If the gentleman will permit, I feel sure that the Public Lands Committee followed the recommendations of the Interior Department, and they have control of the only lands that are affected. The Navy lands are expressly excluded.

Mr. STAFFORD. You do not follow the language proposed by the Department of the Interior as recommended by the Commissioner of Public Lands.

Mr. COLTON. I understand the substance of their recommendation is embodied in the bill.

Mr. STAFFORD. The Secretary of the Interior and the Commissioner of the General Land Office say that the rentals should continue but that they should be credited when royalties later develop, and that is not this bill. You are suspending the rentals, and that is not the practice with respect to commercial leases.

Mr. EATON of Colorado. Let me explain to the gentleman that it is almost a case of tweedledee and tweedledum.

Mr. STAFFORD. Not in the opinion of the department.

Mr. EATON of Colorado. Yes; in the opinion of the department, too.

Mr. STAFFORD. Not according to the report.

Mr. EATON of Colorado. No; it is not written in the report.

Mr. STAFFORD. Yes; that is in the report.

Mr. EATON of Colorado. Will the gentleman listen to me a moment?

Mr. STAFFORD. Certainly.

Mr. EATON of Colorado. When the time of the lease is extended into the future and the time or the requirements for payment of rentals when nonproduction occurs are extended during the same period, you just push the whole lease along, day for day and year for year, and you cover exactly the same contract during the exact term with a later maturity date.

Mr. STAFFORD. And the department is opposed to that very policy.

Mr. EATON of Colorado. All right; now listen to the second proposition. If this amount of rental is to be deducted from the royalties, the quantity of money which the Government receives is just that much less in dollars and cents, and as the bill was amended in the Senate it pays a little more—

Mr. STAFFORD. But the money is in the lessee's pocket and not in the Government's pocket. That is the difference.

Mr. EATON of Colorado. No. He is out all the personal cost to him of postponed operation, closed-down and shut-in wells—

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, I want to point out that the oil interests are very peculiar and inconsistent in looking after any constructive conservation plan. Not until the oil people honestly get together and agree on a comprehensive national conservation plan can any group or local interest expect any relief from Congress. Only yesterday we had a comprehensive plan here which would look forward to the production needs and give power in the States to control production, and there were several Representatives here on their toes ready to object because it just did not meet their local interests, and I say, in all kindness to my friend from Colorado, and I say this in a spirit of friendliness, you can not cure your oil situation with popgun bills of this kind. You must get together and agree on some comprehensive plan of conservation and control of production.

Mr. GARBER. Will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. GARBER. I entirely agree with the gentleman in regard to a revision of the laws in reference to oil mining, and especially in reference to oil for conservation purposes, but, certainly, the gentleman would not resort to the Consent Calendar for the enactment of general legislation of this kind.

Mr. LaGUARDIA. Of course not. I agree with the gentleman. The gentleman wants to be fair, I am sure. When I made reference to the bill that was called yesterday, I had in mind that that bill is not one that we can brush aside. I think there is something in it that deserves careful consideration.

Mr. GARBER. I think that is true, and I think there is a great deal of merit in what the gentleman has stated.

Mr. EATON of Colorado. And in the same spirit, what you may call a popgun bill is a separate detail of the whole picture, and, surely, the gentleman is not going to say that where he and four or five others have a lease on which \$1,920 is due every 12 months and the Government says he shall postpone production, why should we not give legislative aid to postpone the payment of that rental into the future, and to increase the number of years of time for which the postponement is required by the Government? That is the legislative authority that is asked here by the department.

Mr. LaGUARDIA. I saw that where the Government is the lessor and by its order prevents drilling for oil or the obtaining of oil from such a lease, naturally, with that order, the payment should be deferred.

Mr. EATON of Colorado. That is what this proposed statute seeks to do. It authorizes the Department of the Interior, when it issues its order requiring the stopping of such work, to postpone the collection of the rental.

Mr. LAGUARDIA. I am only seeking to impress upon the gentleman the necessity of very serious legislative study of the whole question of oil production. I am doing nothing else. I am not objecting to the bill.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

THE VIRGIN ISLANDS

The Clerk called the next bill, S. 4574, to extend the provisions of the national bank act to the Virgin Islands of the United States, and for other purposes.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I am rather sympathetic toward this bill; in fact, I can see the urgent need for the enactment of its provisions, but I had some doubt in reaching a conclusion as to why the existing bank should decide to go out of business when there is need for such banking facilities.

Mr. STEAGALL. They are going out of business and taking the preliminary steps for liquidation. They will be without commercial banking facilities unless this legislation is passed.

Mr. STAFFORD. The bill recognizes the principle of branch banking.

Mr. STEAGALL. We amended the bill by striking out the provision which authorizes branch banking.

Mr. STAFFORD. I want to say to the gentleman that I did not have the bill as reported by the House committee. I had the bill as passed by the Senate. I have no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the national bank act, as amended, and all other acts of Congress relating to national banks, shall, in so far as not locally inapplicable hereafter, apply to the Virgin Islands of the United States: *Provided*, That (1) any bank which shall organize under the authority of this act may, with the approval of the Comptroller of the Currency, establish or acquire and keep in operation not more than two branches in the Virgin Islands of the United States; (2) said bank and its branches shall have the right to act as broker or agent for others as granted by the act of September 7, 1916 (39 Stat. L. 752; U. S. C., title 12, ch. 2, sec. 92), notwithstanding that the population of the place in which it is located may exceed 5,000; (3) the Comptroller of the Currency shall assess and said bank shall pay the expense of examinations of said bank and its branches.

With the following committee amendment:

Strike out all after the words "United States" on page 1, line 6. Strike out the colon after "United States" in line 6 and insert a period.

The committee amendment was agreed to.

Mr. CLARKE of New York. Mr. Speaker, I move to strike out the last word. I ask unanimous consent to proceed for five minutes out of order.

The SPEAKER pro tempore. Is there objection?

Mr. ALMON. Reserving the right to object, and I shall not object, I want to give notice that until the Consent Calendar is completed I shall object in the future.

Mr. STAFFORD. I hope the gentleman from Alabama is not going to jeopardize his own bill.

Mr. ALMON. I will say this: That we have set aside this time for considering the Unanimous Consent Calendar. There are bills on it that ought to be passed before Congress adjourns. If we are going to have all debate taken up in political speeches and speeches out of order, we can not finish the work. I want to discourage, as far as I can, speeches of that character.

Mr. CLARKE of New York. I suggest to the gentleman that he had better cultivate a little charity and kindness in his heart if he wants to get to heaven. [Laughter.]

Mr. ALMON. I have no objection, Mr. Speaker, in this case; but I shall object in the future.

Mr. CLARKE of New York. Mr. Speaker, I want to devote a few minutes to an agricultural discussion. Modern agriculture, as I conceive it, begins with Abraham Lincoln, in the establishment of the Department of Agriculture while he was President, and in the disposition of millions of acres of land out in the West through the Hatch Acts, the pro-

ceeds of which went for the benefit of land-grant colleges all throughout the United States, that have served wonderfully the special purpose of developing the picture of national agriculture. During one spasm of agricultural relief here we had the "equalization fee" presented. I always held that to be fundamentally un-American, because compulsion, and not voluntary effort, was its motive. Then along came the "debenture plan," which proposed to exchange a piece of paper—Uncle Sam's I O U—for the exporter of agricultural products that were going abroad. The producer would have to dispose of this piece of paper to some importer. That, in the long run, would result, not in the farmer or the producer getting equality—and that is all agriculture is entitled to—but the farmer was being placed in a position where he had to trade this debenture to an importer of something to pay import duties, and the result would be that the importers would get together and you could not resolve back to the producer himself the benefit that we were trying to legislate for him.

Then we have had another school of thought that said that after all in its final analysis agriculture is entitled to equality, and how are we going to give it to agriculture? We sought to evolve the great "cooperative philosophy" and policy into a law, i. e., self-help was its motive. Get into the cooperative of the commodity you produce and help battle for fair prices. We set up the Farm Board, and we hoped that the Farm Board would help bring this equality to agriculture; but what do we find under the operations of the Farm Board, with a lot of people who claim to have the interests of agriculture at heart, but this. They allowed to be set up a series of "stabilization corporations," paying unconscionable salaries, and helping to destroy or make impossible the very agency of the Government that was established for bringing equality to agriculture through the cooperative movement.

What have we right here now before us? We have the Norbeck bill, that went through the Senate yesterday without even a discussion, passed unanimously, nobody giving any serious consideration to it at all. I suppose it was through some act of courtesy or Christian charity toward some one over there.

What does that seek to do? That seeks to bring equality to all agricultural products upon the basis of a tariff for only three products, and what are they? In the first place, there is cotton; in the second place, hogs; and why do they take hogs instead of corn, because after all the major portion of corn goes into the production of hogs? Three, they take wheat. If there is any fairness in the proposition, if it is fundamentally sound, it should be universally applied in this country of ours to all the products of agriculture. I claim there is no more right for selecting corn or hogs or cotton or wheat than there is for dairy products, for tobacco, for rice, or other of the major products.

Mr. WILLIAM E. HULL. Mr. Speaker, will the gentleman yield?

Mr. CLARKE of New York. Yes.

Mr. WILLIAM E. HULL. Is it not a fact that if we could stabilize and bring these three products, which are 75 per cent of the total crop, up to a price where the farmer could afford to raise them, it would bring up the price of all the other commodities?

Mr. CLARKE of New York. It would be helpful, but the moment you go along with political promises of what you are going to do for the farmer to-morrow, you and I know that we would be handing out just simply a lot of bunk for political expediency. Let us apply it to every farm product or give it to none.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. CLARKE of New York. Yes.

Mr. WILLIAM E. HULL. I am for this bill, because I believe it is the one thing that will bring back prosperity to this country. You have to do something to bring the farmer back or you will never get prosperity in the country. I believe this bill will be helpful. It is only for one year, and if we could establish it for one year and bring the farmer back and start the wheels of progress in this country, then

the other portions of the country that are agricultural would get the benefit of it.

Mr. CLARKE of New York. If the principle is fair for the three products that you have cited, it is fair to apply it to every product of the farm, is it not?

Mr. WILLIAM E. HULL. Mr. Speaker, will the gentleman yield further?

Mr. CLARKE of New York. Yes.

Mr. WILLIAM E. HULL. I agree with you on that.

Mr. CLARKE of New York. Then why not go the full road?

Mr. WILLIAM E. HULL. Because if you do, you will destroy the object that it is put in for—that is, merely to take the three basic products of agriculture—and when they are established and when the price is raised on them it would raise the price of everything else on the farm.

Mr. CLARKE of New York. I am surprised at the lack of information the gentleman is displaying on this program. The gentleman does not seem to realize that after all neither hogs nor cotton nor wheat nor corn constitutes the major product.

Mr. WILLIAM E. HULL. What is the major product?

Mr. CLARKE of New York. Dairy products.

Mr. FITZPATRICK. Does the gentleman believe the Government should guarantee prices?

Mr. CLARKE of New York. No.

Mr. FITZPATRICK. Any more for the farmers than for industry?

Mr. CLARKE of New York. No; and what will happen if this bill becomes a law? You will soak the consumers in the first place \$1,000,000,000 at least. You will put it on the backs of the consumers. Where is the purchasing power coming from for the millions of people who are out of employment, if they have not the money with which to buy any thing, if you go to work and boost the price to them?

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. CLARKE of New York. Yes.

Mr. McGUGIN. Does the gentleman really think that an increase in the price of wheat by 42 cents a bushel would increase the price of a loaf of bread to the consumer?

Mr. CLARKE of New York. No. Anyone who knows the story of the increase in the price of wheat knows that 42 cents or 60 cents or 84 cents does not increase the price of bread 1 cent a loaf, but it will be taken advantage of, make no mistake about that.

Mr. McGUGIN. Does the gentleman think that an increase in the price of hogs 2 cents a pound would increase the price of pork on the block?

Mr. CLARKE of New York. Yes; I do. By the way, let me give the gentleman from Kansas a little education right here. The gentleman talks quite a little around and about the bill he was supposed to be discussing, but, after all, it is hogs and not corn that is in this bill.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. BLACK. Mr. Speaker, I ask unanimous consent that the gentleman be allowed to proceed for five additional minutes. The gentleman is making the best speech on agriculture that I have ever heard in this House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. McGUGIN. Will the gentleman yield further?

Mr. CLARKE of New York. I yield.

Mr. McGUGIN. Does the gentleman think an increase in the price of cotton of 5 cents a pound on one-half the crop would increase the cost of clothing which the people would wear?

Mr. CLARKE of New York. It would certainly increase the price some. Everybody knows, because every time we put a little added cost upon what is bought, the manufacturer of that product is not alone going to pass on the added cost, but he is going to add to it for his own protection.

Mr. O'CONNOR. Will the gentleman yield?

Mr. CLARKE of New York. I yield.

Mr. O'CONNOR. I have been listening to the gentleman with a great deal of interest because this matter was discussed in my presence yesterday. I understand the gentleman is complaining about the action of the Republican-controlled Senate yesterday in taking precipitate or ill-considered action in passing this bill.

Mr. CLARKE of New York. I will go farther than that, even if it is a Republican body, or they allege it is. There are many of them over there under disguise, as the gentleman and I both know.

Mr. O'CONNOR. Does the gentleman conceive this to be a tariff bill or a bill to raise revenue?

Mr. CLARKE of New York. Well, it is a great deal like a 3-headed calf bill that was over before the Committee on Agriculture one time. We were not quite certain of the parentage, and when we got down to the final analysis even the fellow from Texas that got his 3-headed calf bill out of our committee would not admit he was the father of the legislation. He wanted to withdraw the bill.

Mr. O'CONNOR. Irrespective of the merits of it, a serious question has arisen whether the Senate could originate this type of legislation.

Mr. CLARKE of New York. I personally have very serious doubts as to the constitutionality of the Norbeck bill, but many things move over there in that strange, mysterious body that it is hard to account for.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. CLARKE of New York. Certainly; I yield.

Mr. MARTIN of Oregon. In final analysis, is this not a "price-pegging" project? It is to protect prices?

Mr. CLARKE of New York. Well, I think that is a gambling term, and I am entirely unfamiliar with gambling terms. [Laughter and applause.]

Mr. MARTIN of Oregon. I thought the gentleman's education was more complete.

Mr. MAPES. Will the gentleman yield?

Mr. CLARKE of New York. I yield.

Mr. MAPES. This bill provides that the Secretary of Agriculture shall, within 15 days after it becomes law, make an estimate of the percentage of domestic production of the products mentioned that is needed for domestic consumption.

Mr. CLARKE of New York. That is correct.

Mr. MAPES. Suppose his estimate is grossly inaccurate, and he estimates that it will take a great deal more for domestic consumption than is really needed, where will that leave the processors, who have had to pay 42 cents a bushel for wheat more than the domestic market and who have that surplus on their hands?

Mr. CLARKE of New York. Well, they are hung up. In the first place, they have this money invested and there is no way for them to get protection. In the final analysis, Uncle Sam, the United States Treasury itself, is going to find itself seven hundred and fifty million or a billion dollars out of pocket. The taxpayers coughing up more money and cursing their Government. Again, Government estimates are often far amiss.

Mr. MAPES. Will the gentleman yield further?

Mr. CLARKE of New York. I yield.

Mr. MAPES. Somebody has said it would not cost the Government anything, but there is a provision on page 10 of the bill which provides that the adjusted certificates issued as the bill provides shall be direct obligations of the Government.

Mr. CLARKE of New York. Certainly.

Mr. MAPES. Is there any consistency between that provision and the statement that the Government is not liable?

Mr. CLARKE of New York. Oh, the Government in the last analysis is going to be soaked, and everybody knows it.

Mr. SABATH. If the gentleman is not ashamed of what he is saying to his colleagues on the Republican side, some of us over here would like to hear it.

Mr. CLARKE of New York. I am more ashamed of my company now than I was. [Laughter and applause.]

The SPEAKER pro tempore. The question is on the passage of the Senate bill.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

THE FAILURE OF FARM LEGISLATION

Mr. ANDRESEN. Mr. Speaker, I ask unanimous consent to extend my remarks.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. ANDRESEN. Mr. Speaker, the farmers of the Northwest will be interested in having a little inside information as to the reason for the failure of farm legislation in the first session of the Seventy-second Congress. It is very illuminating when all facts are considered and analyzed, and obviously traditional when we realize that the House of Representatives and its committees are under the control of the Democratic Party.

When I was first elected to the House of Representatives from Minnesota in 1924, I sought and secured a place on the major Committee on Agriculture. I felt that by serving on this important committee I could serve all people of my great State to the best advantage, as Minnesota is one of the greatest agricultural States in the Union. This committee has charge of all legislation relating to agriculture in every form, conservation of forests and wild life, as well as legislation affecting packing plants, stockyards, grain exchanges, and flour mills.

Minnesota ranks first in the production of butter, first in the production of flour, near the top in the production and marketing of livestock and poultry, while last year we only produced 13,000,000 bushels of wheat. The small grains and corn raised in Minnesota are principally used for feed, for dairy and beef cattle, hogs, and poultry.

When I took my seat on the Committee on Agriculture the Republican Party was in control of the House of Representatives. It remained in control until the 7th day of December, 1931, at which time the Democratic Party secured control by a small majority. They not only secured control of the House organization but also took control over all committees in Congress.

During my nearly eight years of service as a member of the Committee on Agriculture, seven years of which was under the leadership of that venerable farm leader and Republican, Hon. GILBERT HAUGEN, from Iowa, real consideration was given by our committee to farm legislation advocated by the farmers of this country and their duly constituted representatives. Upon two occasions we secured the passage of the McNary-Haugen bill, which was twice vetoed by President Coolidge; the passage of the 10-cent tax on colored oleomargarine and other legislation to protect the dairy industry; the passage of adequate tariffs to protect dairy products and livestock, including butter at a rate of 14 cents per pound, as well as many other important measures advocated by farm organizations and leaders.

It will be of interest to the dairy farmers of the country to note that the last Democratic tariff act, which was repealed in 1921, provided a duty for butter of 2½ cents per pound, which permitted millions of pounds of cheaply made foreign butter to be imported into this country in direct competition with butter domestically produced, while the present Republican tariff law has a duty of 14 cents per pound on butter, and gives real protection to the dairy farmers. If it were not for this tariff on butter at the present time, millions of pounds of foreign butter would flood our markets, due to the depreciation in foreign currency, and the dairy farmers of the United States would probably not receive more than 8 cents per pound for butterfat instead of the prevailing price.

The Democratic Party has not changed its traditional free-trade policy, as has been so clearly demonstrated in their platform recently adopted at the Chicago convention, when they state that they believe in tariffs for revenue only. They also praise the administration of Woodrow

Wilson, and it is, therefore, reasonable to assume that if the Democratic Party again secures control of the Government they will reduce the duty on butter to 2½ cents per pound and place the majority of products raised in the Northwestern States upon the free list, thereby causing an influx of imported agricultural products, to further destroy the markets and price of dairy and other farm products produced by our farmers.

The farmers of the Northwest, regardless of party affiliation, are protectionists. They never have and never will subscribe to the free-trade or tariff-for-revenue only doctrines of the Democratic Party. Even though the prices on agricultural products have dropped off to levels far below the cost of production, these farmers are not willing to take a chance to jump from the frying pan into a Democratic fire of free trade, because they know from recent experience that if they do so they will be subjected to the most strenuous kind of foreign competition on everything which they produce, and they have no desire to give the domestic market, as poor as it is, over to their foreign competitor.

While I am on the subject of tariffs let me call your attention to the Democratic tariff bill which was passed by the House over the protest of all Republicans. This bill provides that the President shall call an international conference for the purpose of adjusting tariff rates. Fortunately, the bill will never become a law, as we still have a Republican Senate and a Republican President. Can you imagine what would happen if we would let a majority of the European countries sit down at a conference to adjust our tariff rates when they are all particularly anxious to sell their farm and manufactured products in this country? Surely the answer is obvious. They would join hands with the Democratic Party and the floodgates would be opened for unlimited importation of foreign goods to cause further distress for labor, industry, and agriculture.

On March 27 of this year I addressed the House on the subject of emergency farm legislation. At that time I stressed the fact that nearly 55,000,000 people in the United States were dependent directly and indirectly upon farming. I felt then as I do now that permanent prosperity will never be restored in the United States until such time as the farmers shall receive cost of production plus a fair profit for the products of the soil.

I urged the passage of emergency legislation which would give the farmers a minimum price of \$1.25 a bushel for wheat, 15 cents a pound for cotton, 75 cents a bushel for corn, 70 cents a bushel for rye, 65 cents a bushel for barley, 10 cents a pound for hogs and cattle, and 32 cents a pound for butter. Since the introduction of my bill I have received hundreds of letters from all parts of the United States advocating its passage as the only sensible legislation of an emergency character which will bring the country out of its economic depression.

A large number of similar bills have been introduced in Congress since my bill was first presented and a nationwide interest has been developed for the consideration of this character of legislation as an emergency means for the restoration of normal conditions.

We have had a splendid demonstration within the past six weeks of the economic effect on the country due to the advance in the price on hogs. During the latter part of May, hogs were selling at \$2.50 a hundred. A gradual advance in price has been had since that time, and to-day hogs are selling at Chicago around \$5 a hundred as the top price. The effect of this increase on one agricultural product has tended to restore confidence, has given encouragement to the farmers of the country, and has been the first stabilizing factor for an increase in commodity price levels developing within the past two years.

I am more firmly convinced than ever that prices on agricultural products must first advance before we again start on the upward grade.

With the purchasing power of nearly 55,000,000 people dependent upon agriculture restored to a reasonable level, it

will not take long for the restoration of our industrial and manufacturing institutions with a consequent relief for unemployment. Agriculture is the very base of economic prosperity in this country, and all groups should join together, both in and out of public life, to revive agriculture—the greatest industry in this country.

When representatives of the American Farm Bureau, the National Grange, and the Farmers Union, the three large farm organizations of the country, appeared before the Committee on Agriculture and advocated the passage of their plan for permanent farm relief, sympathetic consideration was given to their program. They urged the passage of a bill which provided for the equalization fee, originally contained in the old McNary-Haugen bill, the debenture, and the allotment plan. This farm bill was favorably reported by the committee, and our chairman was instructed to appear before the Rules Committee to secure a rule which would permit consideration of the bill by the House of Representatives. The Rules Committee is controlled by the Democratic Party and has a membership of eight Democrats and four Republicans. The Rules Committee refused to permit consideration of the farmer's program and consequently they have blocked this measure in the House of Representatives.

After the Democrats succeeded in blocking this bill, our committee proceeded to the consideration of emergency legislation, which had for its purpose the raising of the price on certain agricultural commodities so that the farmers would receive the world price, plus the tariff on the commodities included in the bill. Congressman KLEBERG, of Texas, and Congressman RAINEY, of Illinois, introduced bills which provided for the payment to the cotton farmers of 5 cents a pound additional for cotton consumed in this country, 42 cents a bushel on wheat, and 2 cents a pound on hogs. Nearly 60 per cent of the production of wheat in the United States is in the Southern States and consequently the bill was distinctly a southern bill.

When this bill was considered for amendments by our committee, I successfully secured the adoption of an amendment which would pay the dairy farmers 14 cents a pound additional for butterfat and 6 cents a pound on livestock. As soon as this amendment was adopted a majority of the Democratic members of the committee lost interest in the measure, and I am firmly convinced that they have no interest whatsoever in the dairy farmers of the Northwest. The emergency bill was finally reported out of the committee by a vote of 10 to 11 with instructions to the chairman to appear before the Rules Committee for a rule so that consideration could be given to this emergency legislation by the House of Representatives. The Rules Committee again refused to permit the consideration of the bill, and consequently this measure was again lost to the American farmers.

On July 14 the Norbeck bill was passed in the Senate. This bill was somewhat similar to the emergency bill approved by the Committee on Agriculture in the House, with the exception that it did not provide for emergency legislation for the dairy industry and livestock.

I appeared before the Rules Committee in behalf of the bill and asked the members of this committee to report out a rule which would permit amendments so that I might offer an amendment to include dairy products when the bill came up for consideration in the House. The Rules Committee once more refused to grant a rule, whereupon the Senate, by a majority, voted to recall the Norbeck bill to that body for further consideration.

It is very clear to me that the Democrats of the South are not interested in agriculture of the Northwest. They desire primarily to take care of commodities produced in the South, and when we attempt to secure consideration for legislation affecting the dairy and livestock industry they lose all interest in the legislation.

On the other hand, while the Republican Party was in control of the House of Representatives, we secured favorable consideration for legislation advocated by farming organizations, and if responsibility is to be placed on anyone for the failure of farm legislation on the part of Congress,

such responsibility belongs with the Democratic Party, as they are in control of the House organization and also of all committees, including the Committee on Agriculture.

GREAT SMOKY MOUNTAINS NATIONAL PARK

The Clerk called the next bill, S. 4522, to authorize the conveyance to the State of Tennessee of certain land deeded to the United States for the Great Smoky Mountains National Park and not needed therefor.

Mr. LA GUARDIA. Reserving the right to object—

Mr. STAFFORD. Reserving the right to object—

Mr. LA GUARDIA. I would like to be informed by the author of this bill—

Mr. BUTLER. Mr. Speaker, I reported this bill out of the committee. It was called up by the gentleman from Tennessee [Mr. TAYLOR].

Mr. LA GUARDIA. I want to know if the land originally conveyed by the State of Tennessee for park purposes was conveyed with the understanding that if it were not used for park purposes by the Federal Government it would revert back to the State?

Mr. BUTLER. I am not sure about that, but the fact is it was acquired by the State for the use of the Great Smoky Mountains Park, and this bill now provides that it may be reconveyed to the State upon condition that the State will either exchange it for lands to be used in connection with the park, or if it is sold, that the proceeds of the sale shall be expended in the acquisition of additional lands for the park.

Mr. LA GUARDIA. Exactly. Now, that being so, why is it necessary to go through the medium of the State? The Federal Government now has title to the land. Its obvious purpose is to get rid of this land and acquire other land. I do not see why we have to go at it in a roundabout way. Why can we not dispose of it directly?

Mr. BUTLER. I take it that it is because the exchange acts do not apply to these States, and there is no machinery for the Government to exchange lands in this State.

Mr. LA GUARDIA. But we are doing it here every day.

Mr. STAFFORD. If the gentleman will permit in that particular, the exchange law applies only to the national forests, not to the national parks.

Mr. LA GUARDIA. Here they are conveying this land back to the State of Tennessee, then the State of Tennessee will either exchange this land for other land, or sell it and acquire other land within the park boundaries.

Mr. COLTON. They do not acquire other land except to include in the park, do they?

Mr. LA GUARDIA. Only to place it within the park boundaries.

Mr. STAFFORD. The State of Tennessee deeded these lands. Upon subsequent investigation it was found some of the lands were not as suitable for park purposes as other lands which are now in private ownership.

It is proposed to convey a portion of the lands the State deeded to the National Government, which are now included in the Great Smoky National Park, to the State of Tennessee, and to permit the State to either exchange this land for other land within the area or to sell them and with the funds purchase additional land.

I agree with the gentleman from New York that the language of the proviso hardly carries out the intentment of the law. It leaves everything to the good faith of the State of Tennessee.

Mr. LA GUARDIA. Entirely. That is just what I have in mind.

Mr. STAFFORD. I direct the attention of the gentleman to the wording of the proviso:

That the proceeds of the sale of said land by the State of Tennessee shall be applied to the purchase of other desirable and unacquired land within the park boundaries in Tennessee, or, if deemed more advantageous, may be exchanged for such unacquired lands within the park area.

The language does not state that these additional lands shall be transferred to the National Government.

Mr. LA GUARDIA. In addition to that, how can the Federal Government, how can Congress, say to the State of

Tennessee what it shall do with the proceeds of this land if it sells it?

Mr. STAFFORD. That would have to be a condition in the terms of conveyance.

Mr. LaGUARDIA. Then why does not the Federal Government sell it outright?

Mr. STAFFORD. I concluded from a reading of the report that it would be much easier for the State of Tennessee to negotiate these sales than it would be for the National Government.

The State of Tennessee donated the land. Part of the land is not as suitable for park purposes as other lands. It is intended that we turn them back to the State of Tennessee to negotiate disposition of, the State of Tennessee to turn back to the Government other land more suitable for park purposes, as I understand.

Mr. COOPER of Tennessee. If the gentleman will permit, of course, this is a matter in which my colleague on that side of the aisle, the gentleman from Tennessee [Mr. TAYLOR] is more directly interested; but I may say, if the gentleman will permit, that the States of Tennessee and North Carolina acquired this land and then deeded it to the National Government. The gentleman will recall that.

Mr. LaGUARDIA. I remember that.

Mr. COOPER of Tennessee. As I understand the situation has simply developed that a few spots are not as desirable as some other spots and they simply want to make an exchange.

Mr. COLTON. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. COLTON. The States are very much interested in the establishment of this park, and they themselves are taking the initiative in getting lands that are of national-park standard, suitable to be included in the park, and are very much interested in disposing of these lands within the park boundary that are not suitable and including these other lands.

Mr. COOPER of Tennessee. That is true. Of course the States are more vitally interested than anybody else in having the exchange made, and it is proposed to work it out on this basis.

Mr. STAFFORD. Will the gentleman from Utah acquaint the House as to the character of these lands?

Mr. COLTON. The hearings disclose that within the boundary are lands that are really more suitable for agriculture or pasturage and are really not scenic in their nature, whereas there are some lands that are contiguous to the park that are scenic in their nature and they desire to put the scenic lands within the park and to eliminate the other lands from the park.

Mr. STAFFORD. There are certain designated tracts, I take it from the discussion, of the total acreage involved that may be exchanged?

Mr. COLTON. That is my understanding.

Mr. STAFFORD. Are there any certain tracts of lands which are sought to be obtained in lieu thereof?

Mr. COLTON. So far as our committee is informed the State of Tennessee really has in mind specific tracts of land to acquire.

There being no objection the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized, in his discretion, to convey to the State of Tennessee by the execution of appropriate deeds on behalf of the United States approximately 272.9 acres of land in Happy Valley, and approximately 2,795.2 acres of land adjoining the north park boundary of the Great Smoky Mountains National Park, said lands having been heretofore deeded to the United States by said State for park purposes and now being found unnecessary therefor: *Provided,* That the proceeds of the sale of said land by the State of Tennessee shall be applied to the purchase of other desirable and unacquired land within the park boundaries in Tennessee, or, if deemed more advantageous, may be exchanged for such unacquired lands within the park area.

Mr. SIMMONS. Mr. Speaker, I move to strike out the last word. I desire to call the attention of the House to some figures that are in the cost ascertainment report of the Postmaster General for the year 1931. The other day

the statement was made that if Members of Congress would pay postage upon their mail matter, we would not need a new tax bill.

Mr. Speaker, I ask unanimous consent to extend my remarks and insert the tables in this cost ascertainment report dealing with the cost of the franking privilege of Members of Congress and the cost of handling second-class mail matter and the revenues received therefrom.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SNELL. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. SNELL. Do I understand that these tables set forth specifically the cost of the franking privilege?

Mr. SIMMONS. Yes, sir. These figures show that during the fiscal year 1931 the cost of handling franked mail for Members of Congress—which includes both the House and Senate, and the official mail of both bodies, and their employees as well—was \$530,298.50, or a little over half a million dollars. I ask you to contrast that with the cost of handling without charge newspapers published and mailed in the county of publication, which in 1931 cost the Post Office Department for handling, \$8,425,242.11, practically sixteen times the total cost of handling franked mail.

That is what it cost the department to handle newspapers in the county of publication, for which no charge is made. Then the table sets out the losses in handling second-class mail publications exempted from zone rates and zone-rate publications, including daily newspapers and all other publications. The excess cost of handling second-class mail matter over revenues was \$96,973,717.40. Contrasting that \$96,000,000 plus with the \$530,000 that it costs the Post Office Department for the Members of Congress to send information back to their constituents it strikes me the newspapers who are criticizing Congress for using the mails should publish these figures showing the difference in the cost of handling the two different classes of mail matter.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. LaGUARDIA. And it is for official business only?

Mr. SIMMONS. Yes, sir.

Mr. REED of New York. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. REED of New York. As a matter of fact, practically all of the publishers desire copies of the Record sent to them, do they not?

Mr. SIMMONS. The gentleman is correct. The newspapers ask for copies of the Record, and this is our official mail through which we transact public business. The Record shows that the cost of handling the penalty mail for the Post Office Department and all of the departments is \$8,643,000. It is costing the Government to give free service to newspapers in the county of publication within \$200,000 of as much as the total cost of handling the penalty matter for all of the executive departments combined. Keep in mind that "franked" mail is that of Members of Congress, "penalty" mail is the mail of the executive departments.

Mr. SCHAFER. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. SCHAFER. The gentleman must also realize that in that cost ascertainment there is not included the investment of over \$200,000,000 in Government-owned post-office buildings and over \$3,000,000 which is each year appropriated from the Treasury for custodial services under the Treasury Department. I have made an investigation of that matter and studied those tables. I find these items are not included in the cost ascertainment, and the \$3,000,000 each year for the custodial service is far in excess of the entire cost of franked matter.

Mr. SIMMONS. I have taken the time of the House to call its attention to these figures because Members on both sides of the aisle repeatedly have the statement made to them that Members of Congress in the transaction of their official business with their constituencies ought to pay postage on that matter, while those same papers in many instances, operating private businesses, are using the mails

free of charge in the county of publication, while others of them pay only a small part of what it costs to give them the service in the conduct of a private business, whereas we are carrying on public business.

[Here the gavel fell.]

Mr. SIMMONS. Mr. Speaker, I ask unanimous consent to proceed for five additional minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. LaGUARDIA. The penalty mail is the official mail of the entire United States Government, with a population of 120,000,000.

Mr. SIMMONS. That covers all of the executive departments.

Mr. LaGUARDIA. The whole Government; and if we did not have the penalty mail, we would simply have to appropriate an equal amount of money to carry that mail.

Mr. SIMMONS. Certainly. And get this: That the cost of handling penalty mail is but \$200,000 more than the cost of giving the newspapers of the United States free postal service in the county of publication.

Mr. WHITE. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. WHITE. By what law do we give free postal service to newspapers?

Mr. SIMMONS. By an old act of Congress newspapers published in the counties where they are mailed are carried free of charge in all post offices where city or village service is not involved.

Mr. WHITE. There are very few of those where such newspapers are published.

Mr. SIMMONS. It is not my purpose to criticize the law; but that means, in effect, that many newspapers have practically free mail service from the Post Office Department.

Mr. ALMON. Does not the gentleman think that is in the interest of the reading public?

Mr. SIMMONS. It is in the interest of the reading public, but it is also in the interest of the public that the Members of the House and the Members of the Senate be able to correspond with their constituents on official business and to advise them of the condition of the legislative work that affects them.

Mr. WHITE. I do not want to dispute the argument with respect to corresponding with our constituents, but any village that is so small that it does not have mail carriers would have very few newspapers published there.

Mr. SIMMONS. Oh, no; all through the farming sections you have these newspapers that are published in the county and have this privilege.

Mr. WHITE. And it is a fact that a great part of the newspaper mail is never touched by the Post Office Department except to put it on a pair of scales.

Mr. SIMMONS. The gentleman probably has reference to the daily newspapers in the cities.

Mr. WHITE. Yes; because that is the only kind of paper that I have worked for and have any acquaintance with.

Mr. SIMMONS. This provision relates largely to the newspapers that are published in the small cities and towns. I appreciate the fact that the gentleman has a small district. My district is larger than the gentleman's State.

Mr. WHITE. That is the gentleman's misfortune.

Mr. SIMMONS. And I have any number of newspapers that are delivered in the various communities of the county that do not know the luxury of either village or city delivery service.

Mr. WHITE. But I want to point out, and I want this to go into the RECORD, that a large part of the daily newspapers published in the cities are never touched by the post office except to put them on a pair of scales.

Mr. SIMMONS. All right; but understand that this report shows that the Post Office Department lost in the fiscal year 1931 \$34,566,247.18 in handling daily newspapers.

Mr. WHITE. I would like to know by what system of accounting they reach that figure.

Mr. SIMMONS. That is exactly what the figures in the report show.

Mr. McCORMACK. Will the gentleman yield?

Mr. SIMMONS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Of course, the main reason for this service is the fact that newspapers and magazines are a medium of education.

Mr. SIMMONS. Yes, sir.

Mr. McCORMACK. However, I think the gentleman's remarks should have the effect of conveying to newspapers the message that at least they ought to be fair and state the truth about the franking privilege to those who read their newspapers.

Mr. SIMMONS. A lot of criticism that is directed toward Members of Congress using the franking privilege is written by editors who pay very little, if anything, to the Post Office Department for carrying their papers to their subscribers. They are charging subscription rates and are collecting advertising fees, and they are, in fact, carrying on a private business, except in so far as the benefit of disseminating information to the people is a public business.

Mr. COLE of Iowa. Will the gentleman yield?

Mr. SIMMONS. I gladly yield to my colleague from Iowa, who has spent so many years in the newspaper game.

Mr. COLE of Iowa. The House should bear in mind that all daily newspapers have their own delivery systems and they do not take advantage of the franking privilege within the county.

Mr. SIMMONS. Will the gentleman listen to this? I read it a moment ago. This report shows that the Government collected in the fiscal year 1931 \$11,589,084.86 from daily newspapers and it cost \$46,155,332.83 to handle these daily newspapers, and that the Post Office Department lost \$34,566,247.97 in carrying daily newspapers through the post office.

Mr. COLE of Iowa. But I am referring to the delivery of daily newspapers in the home cities. This is always done by their own carrier systems.

Mr. SIMMONS. Of course. That is a matter that is not under discussion here.

Under the unanimous consent given I insert the following table:

TABLE A.—Recapitulation of allocations and apportionments of postal revenues and expenditures for the fiscal year 1931 to the classes of mail and special services, not taking into account relative priority, degrees of preferment, and value of service in respect to expenditures

Fiscal year 1931	Revenues	Expenditures	Excess of apportioned expenditures over revenues	Excess of revenues over apportioned expenditures
1	2	3	4	5
Second-class mail:				
Publications exempt from zone rates on advertising under act of Oct. 13, 1917 (par. 4, sec. 412, P. L. and R.)	\$2,235,846.34	\$19,453,782.82	\$17,217,936.48	
Zone rate publications—Daily newspapers	11,589,084.86	46,155,332.83	34,566,247.97	
Newspapers, other than daily	2,031,879.08	12,451,425.26	10,419,546.18	
All other publications	10,113,039.72	36,457,784.38	26,344,744.66	
Free in county, all publications		8,425,242.11	8,425,242.11	
Total, publishers' second class	25,969,850.00	122,943,567.40	96,973,717.40	
Transient	1,501,397.67	1,202,298.20		\$299,099.47
Total, all second class	27,471,247.67	124,145,865.60	96,674,617.93	
Penalty:				
For the Post Office Department		4,306,609.02	4,306,609.02	
For other branches of the Government		4,336,691.44	4,336,691.44	
Total, penalty		8,643,300.46	8,643,300.46	
Franked mail:				
By Members of Congress		530,298.50	530,298.50	
By others		98,680.03	98,680.03	
Total, franked		628,978.53	628,978.53	
Free for the blind		106,932.85	106,932.85	

Mr. POLK. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, because of the desperate situation which confronts the farmers of our country at this time, I deem it my duty to ask the indulgence of the House for a few minutes in their behalf.

Mr. Speaker, to-day the men and women and children living on the farms of our country are suffering. Some few are suffering because of a lack of proper food. The great majority of them are suffering from mental anguish. They are suffering because they are losing or have lost the accumulated wealth of a lifetime of frugal living. I am not referring to the speculators and gamblers who have lost money on the stock market. Farmers did not have money with which to speculate. I am referring to that great army of fine, intelligent people, many of them descendants of the Revolutionary fathers, good people, Christian people, patriotic people, the very bulwark of our civilization. They were born and reared in the country as were their parents before them. They have purchased a tract of land. On this land a home has been built. With unremitting toil from daylight until dark and by the utmost frugality, this farm home has been paid for. Then, because of some added or unexpected financial burden, the owner of this little farm has been forced to place a mortgage on it. A son or daughter wanted to go to college, sickness or death, or possibly a marriage in the family necessitated some ready money which was obtainable only through a loan. Ordinarily such a loan could have easily been repaid within a few years. However, because of constantly falling prices since the World War, prices, which for the past two or three years have been far below the costs of production, there is no possibility for a farmer to now liquidate a debt contracted in the past. Consequently, rural banks have failed, farm mortgages have been foreclosed, farm homes are being destroyed all over our country to-day. These are the homes that in the past have furnished the leaders in all walks of life. They have furnished the healthy bodies and strong minds which have built our cities and made our Nation great. These homes that are now being destroyed have furnished the spiritual strength which has leavened our civilization and caused us to rise as a nation. With the loss of each of these farm homes, another peasant family is born.

Mr. Speaker, it is my belief that we, as a Nation, should turn our minds from foreign affairs and put our own house in order.

While prohibition is probably the most widely discussed problem in our country to-day, I do not consider it the most important. The farmers are led to believe by the city newspapers that legalizing the use of alcoholic liquors will solve all their problems. I do not think it will have any appreciable or beneficial effect on them. The increased demand for rye and barley and other crops used in the manufacture of liquors will very likely be offset by a decrease in the use of milk and other dairy products.

In my humble opinion, the most important and the most difficult problem in America to-day is that presented by economic conditions which have existed in the farming business since the deflation which followed the World War. While agriculture is the most important business in America, it has been an unprofitable business since 1919.

The American farmer is the best educated and the most skillful producer of food products in the world. He has at his beck and call the United States Department of Agriculture, the agricultural experiment stations, the colleges of agriculture with their so-called extension departments, and a county agricultural agent in practically every county of the United States. He has taken full advantage of the use of modern machinery. Consequently the American farmer is able to produce abundantly and at a comparatively low cost of production, but when he takes his products to market he has no assurance that he can market these products for any amount near what it has cost him to produce them. He really sells his products at public auction, for he must take what the buyers of these products choose to offer for them. He has no method by which he can obtain the cost of production for that which his farm produces.

Recognizing the natural handicap under which the farmer sells his products, foreign governments have adopted various artificial price-control measures. On July 11, 1932, Mr. L. R. Edminster, economist of the Bureau of Agricultural Economics, stated:

The world's agriculture is operating under the impact of a greater variety and a more widespread application of artificial price-supporting measures than ever before in modern times.

He further states:

More significant to American agriculture is the immediate and adverse influence of many of these foreign measures upon prices of American farm products. In so far as they are applied to products competing with those grown on American farms, and in so far as they are effective, all such measures tend to reduce foreign outlets for products of which we have a surplus for export, and so intensify the competition of foreign agriculture with that of the United States.

As an example of the effectiveness of some foreign price-control measures I wish to call your attention to the price of wheat on certain European markets as compared with the price in the United States. I have before me a clipping which states:

Prices of good milling wheat on May 20, 1932, were \$1.82½ a bushel at Hamburg, Germany; \$1.80½ at Paris; and \$1.70½ at Milan, Italy.

On the same date No. 2 cash winter wheat on the Chicago market was only 58¾ cents. Thus we see that the average of the three European markets was about \$1.19 above the price of wheat on the Chicago market on the same day.

During recent years in the United States the leading farm organizations have advocated the debenture and the equalization fee as methods which they think will tend to stabilize the prices of farm products above the cost of production. This legislation concerning agriculture, recommended by the Grange, the Farm Bureau, and the Farmers' Cooperative Union, so far has been denied them. Both of the major national political parties are subject to criticism in this regard. There is a lack of interest and knowledge on the part of Congress. Because 90 per cent of the Members of Congress are lawyers, unacquainted with the needs of agriculture, and because many of them are unsympathetic with the farmers, except at election time, when they want their votes, it is very difficult to enact legislation beneficial to agriculture.

In the Sixty-ninth Congress and again in the Seventieth Congress former President Coolidge vetoed legislation advocated by the farmers' organizations. During the Seventy-first Congress the Farm Board act was finally enacted into law, and I am informed that the author of this measure boasted that he did not have a farmer in his district. The debenture plan, as advocated by the Grange, has recently been defeated in the Senate during the present session of Congress by a vote of 33 to 46. The Agricultural Committee of the House has favorably reported the debenture bill and also the agricultural surplus control act bill, H. R. 12733, providing for a combination of the debenture, the equalization fee, and the allotment plan, and also an emergency agricultural relief measure, H. R. 12730.

While I realize that so long as the President insists that the Federal Farm Board is competent to handle the problems facing agriculture in this country it is useless to attempt to enact substitute legislation to take its place, I do hope that when Congress meets in December we may take up the measures advocated by the farmers, particularly the so-called 3-way bill, H. R. 12733, introduced by Mr. Norton, and pass it, if necessary, over a presidential veto.

In conclusion, may I venture the assertion that those of you who represent city districts have an interest in the deplorable condition which now confronts the farmers of America. There can be no real or lasting prosperity in this country until our farm people are able to make a decent living. If you will restore and make permanent the buying power of the thirty millions of people engaged in agriculture, you will restore prosperity to this country.

Our city friends must learn that they can not be permanently employed unless we on the farms can sell our products to them at a profit, for their employment is very largely provided by the manufacture of the products we would like to consume but now have no money to buy. Now they of

the cities are unemployed and desire to be provided for from the Public Treasury. Thus the vicious circle goes on.

The farmers of America do not want a dole, but they do want a chance to pay their debts and make an honest living. [Applause.]

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CANCELLATION OF WAR DEBTS

Mr. LOZIER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LOZIER. Mr. Speaker, about a year ago, in discussing our foreign war-debt situation, I called attention to the fact that our former European allies, while seemingly determined to repudiate the debts they owe the United States, are spending money extravagantly for military and naval purposes. I showed that since the signing of the armistice they had spent billions of dollars on their military and naval establishments, instead of applying this money on their debts to the United States Government. I showed that France, one of the very worst offenders, has experienced no difficulty in finding plenty of money to build battleships, submarines, airplanes, maintain the largest standing army in the world, and to build a chain of fortresses along the German frontier equipped with mighty guns pointing to the heart of Germany.

If France, England, and Italy would pay only a small part of the money they are spending annually for military and naval purposes, the war-debt problem would not be difficult of solution. Their failure to do so is rank dishonesty. France, England, and Italy have ample national resources and capital to pay. Common honesty and their national self-respect should influence them to repay the money we loaned them, and without which they could not have carried on their military operations and emerged victorious from the World War that seriously threatened their national existence.

As the fruits of victory our European allies ruthlessly dismembered Germany and despoiled her of territory of almost incalculable present and potential value. Not satisfied, they levied on her an excessive and unconscionable indemnity, the payment of which would impoverish the German people, their children, and their children's children for at least a century.

After 13 years of troubled peace Germany lies prostrate beneath the conquerors' heel; denied a place in the sun, crushed, impoverished, bleeding from every pore, suffering from innumerable festering political and economic wounds, despoiled of provinces that by consanguinity and historical association for a thousand years were rightfully hers, her colonies confiscated, her armies disbanded, her resources mortgaged, her sovereignty threatened, her independence menaced, and her people staggering under an unbearable burden of debt, she presents a pathetic and tragic picture of a great nation whose enemies have foredoomed her to destruction.

As Lord Byron in the fourth canto of *Childe Harold* said of Rome, so we may sorrowfully say of Germany:

The Niobe of nations! there she stands,
Childless and crownless, in her voiceless woe;
An empty urn within her wither'd hands,
Whose holy dust was scatter'd long ago.

It will serve no useful purpose at this time to discuss the causes that culminated in the World War further than to say that the impartial future historian will acquit Germany of the sole responsibility for having precipitated the most destructive war in human history. The final verdict of history will be that all the great European nations were in part responsible and contributed to the situation that made war inevitable.

Now, while bleeding Germany white, France seeks to repudiate her debt to the United States. The people of France are exceedingly prosperous. They have practically escaped the effects of world-wide depression. Their na-

tional income, trade, and commerce are all that could be expected. Her financial system is sound, and, next to the United States, she has the largest supply of gold of any nation. Her mills and factories are active; her railroads, refinanced and rehabilitated by American capital, are prosperous. Comparatively few of her people are unemployed.

The Coolidge administration and the Mellon-Wall Street crowd canceled 52 per cent of the debt of France to the United States, 25 per cent of England's debt, 75 per cent of Italy's obligation, and made tremendous reductions in the debts of other nations. I voted against these reductions and I will vote against the cancellation of the remaining indebtedness due from our former European allies.

France, Italy, and England are asking the American taxpayers to assume the burden of the European war debts. Great Britain, France, Belgium, and Italy can pay their annual debt obligations to the United States without imperiling their national finance or economic systems. To make these annual payments it takes only 2.45 per cent of the Belgium budget, 2.65 per cent of the French budget, 1.41 per cent of the Italian budget, and 3.75 per cent of the British budget. How can these debtor nations claim that they can not make these annual payments to the United States without wrecking the economic structure of Europe?

As I said in the beginning, if England, France, Italy, and our other European debtor nations would spend less money for military and naval purposes, they would experience no difficulty in liquidating their war debts to the United States. Last year England spent \$678,000,000 for military and naval purposes; France, \$518,000,000; and Italy, \$269,000,000. France now supports armed forces of 6,942,559; Italy, 5,985,597; Poland, 1,977,095; and Yugoslavia, 1,341,568.

The Fische-Bund of Hamburg has issued a series of statements showing the extent to which Germany has contributed to the Allies in settlement of penalties imposed by the treaty of Versailles. These tables show payment in cash and in kind or property, liabilities assumed, and so forth, aggregating 71,000,000,000 gold marks, 1 gold mark being worth approximately 23 cents in our currency. In addition the Allies took from Germany 70,600 square kilometers of European territory. Nor was that all. Germany was deprived of her colonies having an area of 3,000,000 square kilometers. It is estimated that one hundred and thirty-six thousand million gold marks represent the fair valuation of the colonies and frontier territory ceded by Germany to her victorious foes under the provisions of the treaty of Versailles.

Germany's total contribution to the Allies to date may be stated as follows:

	Gold marks
German tributes paid in cash, in property, or in kind	71,268,525,800
Value of German territory and colonies ceded	136,000,000,000
Total gold marks	207,268,525,800

Reduced to dollars, this would be approximately \$48,000,000,000.

I have not had time to check these tables to ascertain their accuracy. I have submitted the tables to an eminent authority on European questions and he says the figures are approximately correct. It may be that some of the amounts and payments are overstated, but it is very evident that Germany has already been severely penalized by her former adversaries.

The newspapers have recently carried an announcement that the Allies had reached an agreement with Germany by which the latter was to pay a lump sum of approximately \$700,000,000 in settlement of reparation and indemnity claims. I hope no one will get the impression that \$700,000,000 is the full amount of indemnity and reparations paid and to be paid by Germany. The \$700,000,000 is in addition to the enormous amounts heretofore paid by Germany to her former foes, which payments consisted of cash, coal, coke, by-products of coal, dyestuffs, livestock, agricultural machinery, material and machinery for rehabilitation of devastated districts, books and prints, seagoing and river craft, locomotives and railroad cars, motors, motor lorries

and other vans, war material, nonmilitary stores, transmarine cables, security surrendered, private and state mines ceded to France, landed property and buildings, debts assumed, debts against former allies surrendered, territory and colonies ceded, war vessels surrendered, and many other items amounting in the aggregate to many billion gold marks.

Of course, the United States can not interfere in the settlements between Germany and her former foes, nor can we compel the Allies to deal fairly and generously with Germany. But we can insist on our former allies paying what they owe us, especially in view of the fact that the Coolidge administration canceled one-half of these war debts. In fact, our Government canceled practically all loans made before the armistice and only demanded payment of the advances made thereafter. So the present indebtedness of our former allies does not represent money loaned them to carry on the war but represents advancements made after the cessation of hostilities.

In this connection I will say that France and Belgium are constructing a system of superfortresses on their eastern frontiers to replace those destroyed by German artillery in 1914. The keystone of the elaborate system of Belgian fortresses is at Eben-Emael, between Belgian Liege and Dutch Maastricht. This system of fortresses is constructed not only for defensive but for offensive operations, and is considered sufficient to resist any form of attack known to the military science of to-day. From these centers tons of high explosives incased in steel can be hurled across the corner of Holland into the vital spots of Germany.

Eben-Emael will be fitted with guns sufficiently powerful to shoot across the Dutch Province of Limburg and drop high explosives into the German city of Aix-la-Chapelle and surrounding territory. Moreover, Antwerp, Belgium's chief port, will be refortified, although under the treaty of Versailles the fortifications of Hamburg, a similar commercial city in Germany, were destroyed. Liege, Termonde, Namur, and Dinant, in Belgium, will be refortified so as to resist the most powerful artillery fired, and which will not succumb to the 42-centimeter howitzers of the Skoda works, as would these forts in 1914. Along the Liege-Antwerp Canal concrete dugouts will be constructed, and the general staff is now considering fortifying Ghent, in the heart of Flanders, the Belgium cotton-goods center.

On a former occasion, in discussing this matter in this Chamber, I called attention to the powerful system of fortifications France is constructing along the frontier between France and Germany. Seemingly, France is determined to remain a military nation. In view of the enormous expenditures of Great Britain, Belgium, France, and Italy for military and naval purposes, an appeal for a cancellation of their debts to the United States should fall on deaf ears. I repeat, if our former allies would spend less money on their naval and military establishments, they would have no trouble in finding ample funds to liquidate their indebtedness to the American people.

THE SOLDIERS' BONUS

Mr. VINSON of Kentucky. Mr. Speaker, my colleague the gentleman from Kentucky [Mr. CHAPMAN] suffered a very severe accident in a taxicab collision this morning en route to the Capitol. He will be unable to attend the House for the rest of the session, and I am asking unanimous consent that he may be permitted to extend his remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?
There was no objection.

Mr. CHAPMAN. Mr. Speaker, there has been more false propaganda, more misrepresentation of facts, and consequently more misunderstanding concerning the bill to pay in cash the adjusted-service certificates of World War veterans than there has been concerning any other bill during my congressional experience.

Fifteen years ago our country was engulfed in the most destructive war in human history, the most titanic conflict that ever rocked the earth. Overnight we exchanged the habiliments of peace for the panoply of war. All of our

resources were mobilized. Munitions factories were established. Gigantic industries were turned into mills of war. Huge contracts were entered into by our Government for military supplies. Railroads were commandeered and operated by the Government. Millions of young men, the flower of their race, the rose and expectancy of their country, were mobilized into the greatest martial host ever assembled on this continent. Hundreds of thousands were sent across the sea to fight on foreign soil. They were the line of flesh and blood, the bulwark of democracy, the army of liberty, that stood between embattled autocracy and world dominion. Many did not come back but sleep to-day where the poppies grow "between the crosses row on row" that mark their places. Hundreds of thousands marched home, to be welcomed by waving flags, blaring trumpets, throbbing drums, and cheering countrymen. The heart of America filled and thrilled with gratitude and pride as orators acclaimed them the saviors of civilization and self-government and promised them the best of everything America would ever have to give.

Our country quickly turned from the excitement and havoc of war to the quiet pursuits of peace. Men and industries were demobilized. Those who had amassed tremendous profits out of war contracts demanded adjustments of their compensation, and were paid \$3,000,000,000 out of the Federal Treasury. The railroads, claiming huge losses by reason of Government operation, asked an adjustment and received approximately \$2,000,000,000. Foreign governments owed us \$10,000,000,000. They asked for adjustment of the amounts due, and the United States canceled more than \$5,000,000,000 of that European indebtedness.

The "saviors of civilization," the "flaming armies of liberty and democracy," asked not for a gift but for a simple adjustment of their compensation by the Government that had generously and almost unhesitatingly adjusted, at a cost of billions to American taxpayers, the compensation of huge industries and had shifted from the taxpayers of Europe to the taxpayers of America more than \$5,000,000,000 of Europe's war debt. The boys in khaki, when they left their homes and loved ones, left their jobs to men who received unprecedented wages. Those boys served in camps, dugouts, and trenches, in mud and mire and blood, amid the death and devastation in no man's land, for a dollar a day, which, after deductions were made for insurance, allotments, and so forth, left scarcely anything for their own wants, while those industries whose compensation was so generously adjusted by the Government were amassing fabulous profits out of the suffering and sacrifices of a war-torn world. Those war veterans asked an adjustment of a dollar a day for the time spent in the grinding work of the training camps and a dollar and a quarter for each day of service overseas. Was that unreasonable? Other countries adjusted the compensation of their soldiers—paid them bonuses. England gave each veteran \$1,427; Belgium, \$492; Canada, \$600 for privates and \$972 for officers; France, \$249.

America adjusted the compensation of the war contractors and profiteers and refunded approximately \$4,000,000,000 to the payers of large income taxes on the theory that they had overpaid their taxes, agreed to accept less than 50 cents on the dollar from European debtors, and appropriated hundreds of millions for relief of European peoples. About 70 per cent of the great tax refunds were for taxes paid on war profits. A tax refund of \$96,000,000 was made to the United States Steel Corporation, which had received a profit of \$1,500,000 a day during the war. How did America adjust the compensation of her protectors who made possible the profits of those industries? She gave them \$60 apiece, when commodity prices were at the peak, and promised to pay them \$1.25 per day for overseas service and \$1 per day for domestic service. When? Twenty-seven years after the armistice.

They say the certificates are not due for 13 years. Hundreds of thousands of those robust youths of 1918 are to-day broken, despairing, jobless, and their children are crying for bread. Their adjustment was due in 1918, when the service was performed. When the Secretary of the Treasury made

refunds to the United States Steel Corporation and the Aluminum Co. of America, of which he was the principal owner, he paid them 6 per cent interest from 1918, not from January 1, 1925, the date of the adjusted-service certificates. The war profiteers collected interest from 1918, not 1925. The same rule ought to apply to the adjusted compensation of veterans that applied to war profiteers. Had the adjusted-service certificates borne interest from 1918, as by every consideration of justice they should have, the full face value of those certificates in 1945 would have been due October 1, 1931.

The very financial interests that received their bonuses with interest and their hundreds of millions of tax refunds from a munificent Treasury have spread the insidious and false propaganda that the proposed payment of the service certificates now would constitute a raid on the Treasury and would bring economic chaos. They proclaim that this proposal is unsound and denounce the "heroes" of 1918 as "bums" in 1932. Many who called them saviors of our country before the Hindenburg line was broken and promised those who came back America's full measure of gratitude are loudest now in excoriating the "saviors" of 1918 as the "Treasury raiders" of 1932 when they ask but a simple measure of justice, the payment of a debt that is due them now, as measured by the same yardstick used by the Government in adjusting the compensation of every other class of participants in the war. No truer thought was ever expressed in verse than in Kipling's lines:

O it's Tommy this, an' Tommy that, an' "Tommy go away";
But it's "Thank you, Mister Atkins," when the band begins to play—
For it's Tommy this, an' Tommy that, an' "Chuck him out, the brute!"
But it's "Savior of 'Is country" when the guns begin to shoot.

I maintain, and it can not be successfully gainsaid, that by paying the veterans' adjusted-service certificates with Treasury notes, as provided in the bill that received approximately 3 to 1 of the Democratic votes in the House, this Government would discharge with sound money a debt as honest as any bond it ever paid, without any appropriation or any increase of the public debt, and without the collection of an additional dime of taxation. Such payment would produce a reasonable and controlled currency expansion, the effect of which would be to restore commodity prices to the level of 1926 and greatly improve the financial condition of the entire country.

Most economists are in agreement on the proposition that one of our country's greatest needs to-day is such an expansion of currency as would produce a corresponding increase, or reflation, of commodity prices. The dollar is worth \$1.60 as compared with the dollar of 1926, and much more than that in comparison with war-time values. Farmers who purchased land and borrowed money when they were selling tobacco for 25 cents per pound are confronted with the necessity in many cases of paying their debts with tobacco for which they receive no more than 5 cents per pound. If the farmer's debt when he contracted it was equal to 50,000 pounds of tobacco, consider his plight when he must pay it with 250,000 pounds of tobacco. The same condition applies with equal force to wheat, corn, cotton, and other basic crops.

The need for currency expansion has been recognized by this Congress. President Hoover urged the passage of the Glass-Steagall bill, which provided for the issuance of additional currency on a basis of Government bonds. We passed, and the President signed, that bill. The Goldsborough bill, which has passed the House, and the Glass bill, which has passed the Senate, also are designed to bring about expansion by issuance of currency based on Government bonds. Dr. Irving Fisher, renowned economist of Yale University, testified before the committee (hearings, pp. 658-659):

You merely need a little more blood injected into the circulation, and to get the adjustment correct, in order to accomplish this. * * * This situation is the result of too much debt and too big a dollar. * * * You have got to restore prosperity.

You have got to increase the income of the people. And all of these things that I have described by which, through deflation, you have bankruptcies and unemployment and depression of trade and all the rest, are reversed the instant you have reflation.

The method of paying off the adjusted-service certificates by the issuance of Treasury notes was designed by former Senator Owen, who was chairman of the Senate Committee on Banking and Currency during the Wilson administration and coauthor of the Federal reserve act, which carried us through the World War panic proof. He is recognized as a sound student of economics and one of the leading authorities on government finance.

Without costing the taxpayers a penny this plan would substitute negotiable obligations of the Government for non-negotiable obligations of the Government. The laws of the United States authorize expansion of the currency by the purchase with currency of Government securities. These adjusted-service certificates payable in 1945 constitute as sacred obligation of the Government as any other bond it ever issued. That is not disputed. The Treasury notes issued on this basis would be gold-standard money. No gold reserve is required for national-bank notes or silver certificates, but for Federal Reserve notes a gold reserve of 40 per cent is required. The hearings developed that these Treasury notes would not only be based on Government securities but would also have more than a 40 per cent gold reserve to support them, and under the gold standard act of March 14, 1900, would be maintained on a par of the gold dollar, backed by the full faith and credit of the United States.

This purchase by the Government of noncirculating Government obligations with circulating Government obligations would produce an expansion of approximately \$2,400,000,000 of sound money, and not one authority has questioned the soundness of the money under the Owen plan, not even the Secretary of the Treasury. It would also save the taxpayers of the United States \$112,000,000 per year every year until 1945, inclusive, because that amount every year goes into the sinking fund for the retirement of the adjusted-service certificates in 1945.

But what about the bonds this plan would require the Secretary of the Treasury to issue in an amount equal to the Treasury certificates thus put in circulation? The purpose of the bonds is to control expansion and prevent undue inflation of the currency. The bonds would be deposited in Federal reserve banks and would bear no interest unless they were sold. They would not be sold unless by reason of the expansion the dollar fell as much as 2 per cent below the level of 1926, when basic commodities were selling at a fair price and American agriculture, industry, and commerce were in a prosperous condition. In that event the Federal Reserve Board would sell sufficient bonds to contract the currency by withdrawing the Treasury certificates from circulation and to maintain the purchasing power of the dollar and the selling price of commodities at the satisfactory, prosperity-producing standard of 1926. Under those conditions the bonds would bear 3½ per cent interest, and who would object to 3½ per cent interest on \$2,400,000,000 if its payment were accompanied by commodity prices and economic conditions such as we had in 1926.

The Nation's greatest economists do not question the soundness of a single Treasury certificate that would be issued under this plan. Their soundness was not disputed even by the Secretary of the Treasury. It is generally agreed that limited expansion of the currency, controlled as this would be under the law, by the Federal Reserve Board, is needed for a fundamental cure of the present panic and depression. It is A B C economics that such expansion would result in the much-to-be-desired upward trend in commodity prices. Currency issued under the Glass-Steagall Act is more apt to be hoarded than are Treasury notes exchanged for service certificates scattered throughout the country. The passage of this bill would cause to be paid out in Kentucky alone and placed in circulation \$38,063,415.84.

The amounts that would be paid under this bill to veterans holding service certificates in each of the 17 counties of the new sixth congressional district and the counties of Oldham and Powell, in my present district, are as follows:

Bourbon	\$262,953.60
Boyle	237,065.92
Casey	243,836.32
Clark	256,838.40
Estill	248,670.24
Fayette	997,986.08
Franklin	306,691.84
Garrard	168,342.72
Henry	182,931.84
Jessamine	180,995.36
Lee	141,654.24
Lincoln	257,522.72
Madison	402,161.76
Mercer	210,697.76
Oldham	107,773.12
Owen	155,937.60
Powell	84,448.00
Scott	209,664.00
Woodford	159,883.36

Total..... 4,816,054.28

That money would benefit not only the veterans and their dependent families but also would be of incalculable benefit to the farmer, merchant, banker, butcher, baker, lawyer, doctor, and those engaged in every other vocation, and would do more to revive business and cure depression than any other measure that has been proposed in this Congress, and it would not add a nickel to the public debt. But it would be a payment on a debt America can never pay in full, a debt as sacred as any this Government ever owed, a debt to those who risked their lives and sacrificed their health and strength 15 years ago that liberty and democracy might survive. Where would the vested interests have been but for the man power of 1917 and 1918? Oh, for a revival of the spirit of 1918! Oh, if our citizens could be filled with patriotic fervor and gratitude as was the gold-star war mother who lost her three sons, all she had, in the Battle of the Marne! After the Prussian hordes had been driven back she was permitted to visit the graves wherein reposed all that was mortal of her heroic sons. At the first grave, that of her eldest son, she knelt and said a prayer and dropped a tear. At the grave of her second son she knelt and kissed the rugged cross and wept again. When she came to the spot where slept her baby boy, hope of her life, staff and comfort of her declining years, she fell upon the moss-covered mound and poured out her great, warm, loving mother heart in a flood of tears, then rose, gazed toward Heaven, and exclaimed: "Thank God, the Republic lives!"

Yes; I voted to refute the ancient axiom that republics are ungrateful; I voted for a payment on America's debt; and that vote was right from a humanitarian, a patriotic, and an economic standpoint.

EXTENSION OF REMARKS

Mr. CROSSER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a decision by Judge McMahon, of a local court, on the interpretation of the statute passed by Congress providing that coal shall be sold by the long ton of 2,240 pounds.

Mr. STAFFORD. Mr. Speaker, I object.

REPEAL OF AN ACT TO LEGALIZE INCORPORATION OF NATIONAL TRADE UNIONS

The Clerk called the next bill on the Consent Calendar, S. 4661, to repeal an act entitled "An act to legalize incorporation of national trade-unions," approved June 29, 1886.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to legalize the incorporation of national trades unions," approved June 29, 1886, be, and the same hereby is, repealed.

Mr. GARBER. Mr. Speaker, I move to strike out the last word. Mr. Speaker, I have introduced the following amendment to the existing transportation act of 1920, to limit the amount of compensation paid railway officials by

common carriers by railroad which may be charged to operating expenses. It reads:

That for the purpose of the interstate commerce act, as amended, no common carrier by railroad subject to the provisions of such act shall charge to operating expenses compensation to any officer of such carrier which, in the opinion of the Interstate Commerce Commission, is greater than is consistent with the economical management of such carrier, and in no case shall any such carrier charge to operating expenses compensation to any such officer in excess of \$50,000 a year. As used in this resolution the term "officer" means any official, counsel, solicitor, or attorney of the carrier.

The bill directs the Interstate Commerce Commission to reduce the salaries of all railway officials down to within the limits of economical management under existing conditions. It requires the reduction of the higher salaries, running as high as \$121,500 a year, down to \$50,000 or less, and a reduction of all other salaries in proportion. It does not authorize the commission to fix the salaries of railway officials, as that would involve a very close constitutional question and is a matter between the officials and their stockholders. It does, however, prohibit the charge of high salaries to their operating expenses which finally seep down into the rate level and are paid by the shippers in freight rates. This is the phase of the question in which the public is directly interested.

Freight rates are already too high. They are prohibitive when you take into consideration the ruinous low prices of farm products which furnish the bulk of the heavy freight and long hauls. The farmers can not continue to pay the freight rates burdened with the enormous salaries of the officials of the roads.

The existing salaries, notwithstanding the slight reductions made, are entirely out of line with the ruinous prices of farm products and with economical management of the roads under present conditions as a few illustrations will show. The Chief Executive of the United States, President of the largest corporation in the world, receives a salary of only \$75,000 a year; but the president of the Pennsylvania Railway system receives \$121,500 annually; the president of the Baltimore & Ohio system, \$120,000 per year; the president of the Missouri Pacific system, \$98,166.67 annually; the presidents of the Illinois Central system, the Union Pacific system, the Delaware & Hudson Railroad Corporation, the Chesapeake & Ohio system, the Southern Pacific system, and the New York, New Haven & Hartford Railroad and subsidiary companies, \$90,000 each annually; and the president of the New York Central system, \$80,000 annually. The salaries of the many vice presidents, executive officers, and directors are in proportion.

In view of the large number of railway employees laid off and those who are now permitted to work only part time, railroad officials should voluntarily reduce their salaries below the limits fixed by my bill and expend the amount of the reduction in salaries in full-time employment and reemployment of those who have contributed their life service in the actual operation of the roads.

It is my position, and I believe the position of the railway employees of the country whose voice is not heard in this Chamber that railway officials should reduce their salaries and use the money that is saved to employ additional employees, to engage in the actual operation of the roads.

Mr. BLACK. Will the gentleman yield?

Mr. GARBER. I yield to the gentleman from New York.

Mr. BLACK. I notice on the railroad going to New York that they are not giving the service that they once did, because of the reduced number of employees.

Mr. GARBER. The gentleman from New York is entirely correct. The economies being made are too largely at the expense of the employees of the road and not at the expense of the railway officials whose salaries are exorbitant when compared to the existing unemployment of their employees. This is another matter in which the public is directly interested. I plead for the employees of the roads, for the conductors, the engineers, the brakemen, the men in the roundhouses and shops, with their families to support, and

for those who have been laid off and now are out of employment. I plead with the railway officials to voluntarily reduce their salaries and use the moneys thus saved in the reemployment of the men who have devoted their lives to the maintenance and actual operation of the roads for the convenience of the public. [Applause.]

[Here the gavel fell.]

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

LETTER TO GOV. DAN W. TURNER, OF IOWA

Mr. COLE of Iowa. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a letter written by me to the governor of my State.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. COLE of Iowa. Mr. Speaker, under leave to extend my remarks I insert the following letter written by me to Hon. Dan W. Turner, Governor of Iowa, in reply to a telegram sent by him to the Iowa Members of Congress, which was printed in the RECORD of Tuesday, July 12:

JULY 12, 1932.

HON. DAN W. TURNER,
Des Moines, Iowa.

MY DEAR GOVERNOR: In acknowledging your telegram of July 9, in which you ask Congress to remain in session until legislation is enacted to "finance real-estate mortgages" and to expand the currency until prices are lifted to the levels of 1926, permit me to say:

A bill to refinance farm mortgages, which I assume you had in mind, would have to include other mortgage debts. Such legislation by Congress could not be special, but would have to be general. To carry out such refinancing would require untold billions of dollars. To get this money we must either borrow or levy new taxes, or do both.

Additional taxes are out of the question. We have just levied a billion dollars for new taxes and we have heard the groanings of the taxpayers all the way to Washington. Under present conditions even the Government can not now borrow such additional billions as would be required much under 5 per cent. If the money is loaned on the refinanced mortgages for less, the taxpayers would have to be called upon to pay the difference.

A Senator from North Dakota, who does business with a wave of his political hand, recently introduced a bill to refinance farm mortgages at 1½ per cent. The Senate laughed at this bill, and I think he may have laughed at it himself. It was only a political gesture, by which he hoped to endear himself to the voters in the next election.

As you are a business man, I need not point out to you the utter absurdity of the Government of the United States becoming the mortgage banker for all the people of the United States. It might be better for the Government to take over all properties and let all the people become tenants at its will—and then we would have a soviet republic.

But if you really believe that such refinancing can be done by legislation, which I do not believe, then may I suggest to you that you call an extraordinary session of the Legislature of Iowa, which is still in your care and keeping, and try this experiment on a smaller scale. In such a State experiment every mortgage will have good land for security, while in a national experiment half of the mortgages would have land back of them that is more fit to be abandoned than to be continued in cultivation.

As to the second item in your telegram—that is, the inflation of the currency—that is a matter even more serious, and I doubt whether Congress could safely undertake to deal with so intricate a problem. After eight months of strife this Congress is about worn out. Even the Speaker has become a bundle of ragged nerves and had to leave the chair. This Congress has had more extraordinary demands made upon it than any other one Congress in our history. Demands, petitions, panaceas, threats, and what not have been poured upon the harassed Members. Some have died in their tracks and many have been sent home by the doctor who keeps his office in the Capitol to be ready for emergencies. I have denounced Congress myself, but as I know the burdens that have been laid on this session I am more sorry than angry. Be a little considerate of your harassed servants in Washington.

As to inflation, the Federal Reserve Board has already gone far on this road. It has provided about a billion dollars of new circulation, and it is ready to go further as the way appears safe. The trouble is in hoarding, and that can be stopped only by the return of confidence and not by the issuance of unlimited quantities of paper money.

And when confidence is restored commodity prices will go up and so will the prices of stocks and bonds. So long as we collectively fuss and fume and accuse each other of wrongdoing and being to blame for it all, that long will we flounder in Bunyan's slough of despond. I think that little group of farmers near Mitchellville struck a finer note and pointed a clearer way to recovery than has been laid down in all the resolutions of discontent

and even the platforms adopted by the two conventions in Chicago.

Iowa is sound and the Nation is sound, but the people of Iowa and of the Nation have turned their eyes too longingly and too threateningly to Washington. There is no gold mine in Washington, from which all depleted incomes can be refinanced.

Sincerely,

CYRENUS COLE.

SALE OF CERTAIN LANDS IN THE DISTRICT OF COLUMBIA

The next business was the bill (S. 4712) authorizing the sale of certain lands no longer required for public purposes in the District of Columbia.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. LaGUARDIA. Mr. Speaker, I reserve the right to object. I understand that these are all odd pieces, irregular plots no longer required, and that preference is being given to the adjoining owner to acquire them.

Mr. ALMON. Mr. Speaker, I reported this bill, Senate 4712, for the Committee on Public Buildings and Grounds. The committee held hearings and made a unanimous report. I would like to see the bill passed just as it is reported. The interests of the Government and District of Columbia are protected by the provisions of this bill.

I am advised by Col. U. S. Grant, 3d, Director of Public Buildings and Public Parks, that there would be at least \$11,844 realized as proceeds from the sale of these five small parcels of land.

The Government acquired certain areas in the District of Columbia for the establishment of parks and opening up of streets. In establishing the parks and building the streets it was found that there were five parcels of land that were not needed either for parks or streets; that they are no longer required for public purposes in the District of Columbia. Sale would dispense with cost of caring for same.

I would like to see the bill passed without amendment, as we all have confidence in Colonel Grant in disposing of this property in the interest of the public. His record of service as Director of Public Buildings and Public Parks entitles him to this recognition. However, if unanimous consent can not be acquired for the consideration of this bill without making amendments, it may be in the interest of the District of Columbia to permit such amendments as will not interfere with the disposition of these parcels of real estate.

I am advised by Colonel Grant that parcel No. 1, containing 2,000 square feet, could not be sold for less than \$4,243 under the provision of this bill; that parcel No. 4, containing 164,000 square feet, could not be sold for less than \$3,123; parcel No. 5, containing 1,050 square feet, could not be sold for less than \$2,670; that parcel No. 6, containing 1,680 square feet, could not be sold for less than \$1,354; that parcel No. 7, containing 2,900 square feet, could not be sold for less than \$454. And the total minimum sum that the five parcels would bring under the provision of this bill would amount to \$11,844.

I hope that there will not be any objections raised to the consideration of this bill. It is important that it be enacted into law before the adjournment of Congress. [Applause.]

Mr. LaGUARDIA. I do not care anything about the price; but this is not the same proposition that I objected to several years ago, is it, when on a proposition of this kind several influential citizens had cut out nice back yards for themselves adjoining one of the parks?

Mr. ALMON. No; this has no connection with that.

Mr. STAFFORD. Mr. Speaker, I reserve the right to object. I notice the bill is rather unusual in that it prescribes that the price shall be that originally paid by the Government plus 6 per cent interest per annum since the date such parcel was acquired.

Mr. ALMON. That is the minimum amount.

Mr. STAFFORD. There is no provision here for appraisal. I suggest a couple of amendments carrying out the thought that there should be an appraisal of these tracts of land, and that they should be sold for not less than the appraised value after an appraisal is made. I assume there would be no objection to that?

Mr. REED of New York. This is a Senate bill, and I am wondering whether it would prevent the enactment of it at this session.

Mr. STAFFORD. We have amended quite a few Senate bills.

Mr. REED of New York. I would like to expedite this. I do not think there is any great danger. The amount involved is not very large.

Mr. ALMON. Colonel Grant will take care of the interest of the Government.

Mr. STAFFORD. I want to be sure that we get the appraised value at least. Then again I direct attention to the provision in section 2 wherein you grant a preferential privilege to the abutting landowners. The section reads, as follows:

SEC. 2. That said director, in making any such sale, is authorized, first, to sell any such parcel of land to the owner of lands abutting the lands hereby authorized to be sold; or secondly, to sell to the immediate former owners of any such parcel of land to be sold, provided that the price bid and payable by any owner shall be equal to the highest price bid and payable by any other bidder.

Why should we give preferential consideration to a former owner in the purchase of these odd tracts of land?

Mr. LaGUARDIA. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. LaGUARDIA. I had some experience with that when I served in the city administration in my city. It seems to be customary where there are irregular pieces of land of this description to give the abutting owner the first option to buy, in order to avoid depreciation of his property by some one buying just a small piece and using it for some purpose which would depreciate the value of the abutting owner's property.

Mr. STAFFORD. But what is the need of the second authorization—

to sell to the immediate former owners of any such parcel of land to be sold.

Mr. LaGUARDIA. Oh, I am talking only about the abutting owners.

Mr. STAFFORD. When I was considering section 2, I could see that some evil-minded person might make a bid for this small tract to erect a spite fence or something like that in order perhaps to exact a high price from the adjoining lot owner, and that a preferential privilege should be extended to the abutting owner, but I can not understand the second provision to sell to the immediate former owners of such parcel of land.

Mr. LaGUARDIA. Does that mean adjoining?

Mr. PATTERSON. It is the last owner.

Mr. STAFFORD. I would construe it the immediate prior owner.

Mr. SCHAFER. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. SCHAFER. If this land is to be sold from the public-interest standpoint to save the cost of maintenance of land which the Government can not use, then why should not the bill be so drawn that the land shall be sold under public bidding and let everyone bid. If the abutting property owners desire to purchase the land, let them put their bid sufficiently high so as to be able to buy it. Otherwise, without a provision of that kind it looks as if this is a bill not for the interest of the Government but for the particular interest of some abutting property owners who want to get their hands on this land.

Mr. STAFFORD. In reply to my colleague, and I know his views, because we have brushed together on that question heretofore, I think on a moment's reflection he will see that the Government will be able to get a much more advantageous price at private sale than at public sale. Let us place ourselves as interested buyers of these small tracts. Suppose the gentleman is the owner of the adjoining parcel. He does not want to see a filling station erected there, he does not want to see a spite fence erected there, on this little fractional piece of land, and he is willing to pay not only the value but more than the present value.

He makes his bid under sealed offer. If I wanted to get that little parcel at a less price than it is worth I would want to have a public sale and have a stool pigeon there, and I would say, "Now, we want to beat the Government. We will only bid so high. We will have no regard whatsoever as to the value." We would be the only interested persons, and the Government would not get the same value as it would when it offers sealed bids to be submitted for these respective parcels, and then I may say to the gentleman the director is not required to accept these bids.

Mr. SCHAFER. I agree with the gentleman, and I am in favor of sealed bids, but the way this bill is drawn sealed bids are not provided for. These fellows having control of the land can sell it for what they please and to whom they please.

Mr. STAFFORD. Oh, no; not for what they please.

The gentleman will see that the minimum price as provided for in the bill is what the Government paid for it plus 6 per cent per annum since the Government purchased the property.

I have in my possession, through the courtesy of the gentleman from Alabama [Mr. ALMON], who has reported this bill, the statement as the minimum price of these respective parcels of land, the cost, and what the increment will be, as provided by the bill.

Parcel No. 1 cost the Government originally \$3,381. Six per cent per annum, according to the letter submitted by Colonel Grant, made a minimum value of \$4,243.

Take, for instance, parcel No. 4. The Government only paid \$935 for that parcel, but the increment at 6 per cent was more than twice the original value, namely, \$2,188, or a total of \$3,123.

The next parcel, No. 5, has a 50 per cent increase. The next parcel, No. 6, nearly 100 per cent increase. Parcel No. 7, a 25 per cent increase.

Mr. SCHAFER. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. SCHAFER. I want to get this clear. This is my position: I will grant that taking the interest for that period of years and adding it to the cost, the gentleman will reach the figures which he has just quoted, but then one individual will be able to buy any one of these parcels of land for these figures or \$1 more, and I say if we have competitive bids we are liable to get better prices.

Mr. STAFFORD. Oh, no. We have to give credit to Colonel Grant, who is looking out for the interest of the Government. Certainly in my service in Washington, which dates back 30 years, I do not know of any time when the affairs with regard to our parks have been handled any better than they have been under Colonel Grant.

Mr. SCHAFER. Except that Colonel Grant was one of the backers of the private toll-bridge monstrosity at Great Falls, the connecting link in a great parkway, for which about \$25,000,000 of the people's funds are to be expended.

Mr. STAFFORD. I agree that he was wrong in that particular, but when he got enlightened by the gentleman on the floor of this House I believe he has changed his opinion.

Mr. SCHAFER. No. He is back of that bill right now to extend the private toll-bridge franchise. He changes just like some of our Democratic leaders change. They face one way to-day and they face another way to-morrow.

Mr. STAFFORD. I know there are some lightning-change artists on both sides of the aisle.

The SPEAKER pro tempore. Is there objection?

Mr. SCHAFER. Well, Mr. Speaker, I reserve the right to object for a moment. I want to obtain some information. If this bill passes in the shape it is in now, granting that there is a minimum figure of the original cost price plus the interest rate, will Colonel Grant's department have to throw open the proposition so that any individual citizen can submit his bid or can he take a certain individual who has been pressing for this bill and enter into an agreement and sell this land, just because he is selling it for the minimum amount?

Mr. STAFFORD. I think an amendment I intend to offer will overcome the objection of the gentleman. In line 6, on page 1, after the word "part," insert "to the highest bidder at private sale."

Mr. SCHAFER. That will remove my objection.

Mr. PATTERSON. I must insist, on page 2, in striking out the second clause, lines 6 and 7, down to the comma, at least.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. With that understanding, I do not object.

Mr. SCHAFER. Reserving the right to object, with the understanding that the proponents and members of the committee reporting the bill will accept the amendment which is to be offered by my colleague [Mr. STAFFORD], I will not object.

Mr. ALMON. That has been accepted.

Mr. PATTERSON. And also my amendment.

Mr. ALMON. Yes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Director of Public Buildings and Public Parks of the National Capital be, and he is hereby, authorized and empowered, in his discretion, for the best interests of the United States, to sell and convey, in whole or in part, the hereinafter-described lands in his custody no longer required for public purposes, in the District of Columbia, for cash for such price for each parcel sold as shall be not less than the price paid therefor by the Government plus 6 per cent per annum since the date such parcel was acquired by the United States.

SEC. 2. That said director, in making any such sale, is authorized, first, to sell any such parcel of land to the owner of lands abutting the lands hereby authorized to be sold; or secondly, to sell to the immediate former owners of any such parcel of land to be sold, provided that the price bid and payable by any owner shall be equal to the highest price bid and payable by any other bidder.

SEC. 3. That said director is further authorized to pay the reasonable and necessary expenses of sale of each parcel of land sold, and shall deposit the net proceeds thereof in the Treasury to the credit of the United States and the District of Columbia in the proportion that each paid the appropriations from which the parcels of land were acquired, and shall include in his annual report a full report of the sales hereby authorized.

SEC. 4. That the lands hereby authorized to be sold and conveyed are situate in the District of Columbia and are generally described as follows:

Parcel 1. Part of lot 188 in square 103, in Beatty and Hawkins's addition to Georgetown, now known as lot 801 in square 1273, survey book No. 91, page 363 thereof, containing 2,100 square feet, more or less, and known as Nos. 3305 and 3307 Volta Place NW., Washington, D. C.

Parcel 4. A piece of land containing 164,000 square feet, more or less, at or near Parkside Drive and Western Avenue, Rock Creek Park, Washington, D. C., and being a part of United States reservation No. 339.

Parcel 5. Lot 803, square 49, Washington, D. C., containing 1,050 square feet, more or less, at or near Twenty-second and O Streets NW., Rock Creek and Potomac Parkway, in said city and being a part of United States reservation No. 360.

Parcel 6. A piece of land containing 1,680 square feet, more or less, being a part of a large parcel south of Massachusetts Avenue, Rock Creek and Potomac Parkway, Washington, D. C., further identified as parcel 51/3, and being a part of United States reservation No. 360.

Parcel 7. Square 4199, Washington, D. C., containing 2,900 square feet, more or less, bounded on the north by Quincy Street, on the east by Twentieth Street, on the south by Perry Street, and on the west by South Dakota Avenue, in the northeast quarter of Washington, D. C., being a part of the Taft Recreation Center in said city and of United States reservation No. 476.

SEC. 5. That upon any sale as hereby authorized the said director is hereby authorized to execute a proper deed of conveyance which shall contain a full legal description of the land sold, either by metes and bounds or otherwise according to law.

SEC. 6. That all acts and parts of acts which may be inconsistent or in conflict with this act are hereby repealed to the extent of such inconsistency or conflict.

Mr. STAFFORD. Mr. Speaker, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment by Mr. STAFFORD: On page 1, line 6, after the word "part," insert: "to the highest bidder at private sale."

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 2, line 2, after the word "States," insert the following: "and also not less than the appraised value after an appraisal of its value is first made."

The amendment was agreed to.

Mr. PATTERSON. Mr. Speaker, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. PATTERSON: Page 2, line 6, strike out the words "or secondly, to sell to the immediate former owners of any such parcel of land to be sold."

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GENERAL RELIEF BILL AND HOME LOAN BANK BILL

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the conferees on the home loan bank bill and the conferees on the general relief bill may have until midnight to-night to file their reports.

Mr. SNELL. Mr. Speaker, reserving the right to object, does this mean there is no possibility of getting the reports in earlier?

Mr. O'CONNOR. Not at all. I am making this request as a precautionary measure in case we should adjourn for the day.

Mr. SNELL. It does not necessarily mean they may not be received this afternoon.

Mr. O'CONNOR. It does not necessarily mean that.

Mr. SNELL. I have no objection, but I was hopeful we might get them this afternoon.

The SPEAKER. The Chair suggested to the gentleman from New York that he make this request. I doubt if the conferees will be able to make their report by midnight on one of the bills—the general relief bill.

If they are able to make their reports it is hoped they may submit them to-night so they may be called up tomorrow for consideration.

Is there objection?

There was no objection.

The conference report and statement, submitted by Mr. RAINEY, are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, having met, after full and free conference, have been unable to agree.

J. W. COLLIER,

HENRY T. RAINEY,

R. L. DOUGHTON,

W. C. HAWLEY,

ALLEN T. TREADWAY,

Managers on the part of the House.

PETER NORBECK,

SMITH W. BROOKHART,

P. L. GOLDSBOROUGH,

CARTER GLASS,

ROBERT F. WAGNER,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, submit the following written statement:

The committee of conference between the two Houses have been unable to reach any conclusion.

J. W. COLLIER,

HENRY T. RAINEY,

R. L. DOUGHTON,

W. C. HAWLEY,

ALLEN T. TREADWAY,

Managers on the part of the House.

Mr. STEAGALL submitted the following report:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 3, 6, 7, 9, 11, 12, 13, 17, 18, 21, 24, 25, 27, 35, 38, 39, 40, and 42.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 5, 8, 14, 16, 19, 20, 26, 28, 29, 30, 31, 34, 36, 37, 43, and 44, and agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "insurance company, or"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "or, in case there is a lawful contract rate of interest applicable to such transactions, in excess of such rate (regardless of any exemption from usury laws), or, in case there is no legal rate of interest or lawful contract rate of interest applicable to such transactions, in excess of 8 per cent per annum and a comma"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: " : *Provided*, That accumulated dividends, as provided in subsection (k), have been paid"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "but in any case in which the rate of dividend is in excess of 2 per cent, the stock subscribed for by the United States shall be entitled to dividends at a rate not in excess of that paid on other stock"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "its advances" and a comma; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "The notes, debentures, and bonds issued by any bank, with unearned coupons attached, shall be accepted at par by such bank in payment of or as a credit against the obligation of any home-owner debtor of such bank"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "\$300,000"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be stricken out by the Senate amendment insert a comma and the following: "except a national bank, trust company, or other banking or-

ganization" and a comma; and the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 46 and 47.

HENRY B. STEAGALL,
W. F. STEVENSON,
T. ALAN GOLDSBOROUGH,
L. T. MCFADDEN,
ROBERT LUCE,

Managers on the part of the House.

PETER NORBECK,
JAMES E. WATSON,
DUNCAN U. FLETCHER,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment No. 1: This amendment makes the provisions of the bill applicable within the Virgin Islands and to institutions organized under the laws of the Virgin Islands. (See amendment No. 5.) The House recedes.

On amendment No. 2: This amendment makes certain that only such first mortgages as are not preceded in interest by any prior lien or encumbrance shall be acceptable as collateral for an advance. Under the conference agreement the amendment is omitted as being unnecessary. The Senate recedes.

On amendment No. 3: Under the House bill first mortgages on dwellings for not more than three families were acceptable as collateral. Under this Senate amendment only first mortgages on dwellings for not more than two families are acceptable. The Senate recedes.

On amendment No. 4: This amendment makes a clerical change in a cross reference to a section. The House recedes.

On amendment No. 5: This amendment provides that the Virgin Islands be included within the area to be divided into districts for the establishment of home-loan bank districts. (See amendment No. 1.) The House recedes.

On amendments Nos. 6 and 7: Under the House bill not less than eight nor more than twelve home-loan bank districts with a bank in each district were to be created. Under these Senate amendments not more than four such districts and banks are to be created. The Senate recedes on both amendments.

On amendment No. 8: This amendment corrects a clerical error in a section heading. The House recedes.

On amendment No. 9: This amendment authorizes mortgage loan companies to become members and nonmember borrowers of home-loan banks. The Senate recedes.

On amendment No. 10: This amendment authorizes insurance companies to become members and nonmember borrowers of home-loan banks. The House recedes with a clerical amendment.

On amendment No. 11: This amendment authorizes trust companies, mortgage guarantee companies, State banks, and other banking organizations to become members and nonmember borrowers of home-loan banks. The Senate recedes.

On amendment No. 12: This amendment eliminates the requirement of the House bill that only institutions which make such home mortgage loans as, in the judgment of the Home Loan Bank Board, are long-term loans, could become members or nonmember borrowers of home-loan banks. The amendment adds trust companies, State banks, and other banking organizations to the class of institutions required to have such time deposits as in the judgment of the board warrant their making long-term loans. The Senate recedes.

On amendment No. 13: This amendment adds mortgage guarantee companies to the class of institutions eligible to membership, notwithstanding the fact that they are not subject to State inspection and regulation, if such institutions subject themselves to inspection and regulation by the board. The Senate recedes.

On amendment No. 14: This amendment adds a new subsection authorizing home owners coming within the limits of the act who are not able to obtain mortgage money elsewhere to obtain advances from any home-loan bank with the limitation that the provision shall not be effective when the stock of the Federal Government has been retired. The House recedes.

On amendment No. 15: Under the House bill an institution, the charges of which to the home owner create an actual net cost to him in excess of the maximum legal rate of interest of the State law, regardless of any exemption from usury laws, was ineligible to participate in the home-loan bank system. This amendment strikes out the provisions relating to the exemption from usury laws and provides that such actual net cost shall not exceed the maximum legal rate of interest and rates allowed for other charges permitted by contract or otherwise in the State. The House recedes with an amendment making the institution ineligible if the net cost to the home owner exceeds the maximum legal rate in the State, or the contract rate (regardless of any exemption from usury laws) if the State law provides a contract rate for the transaction, or 8 per cent if neither a legal rate nor a contract rate is provided by the State law.

On amendment No. 16: This amendment inserts a new section heading. The House recedes.

On amendment No. 17: This amendment increases the minimum capital of each bank from \$5,000,000 to \$15,000,000, to correspond with the action of the Senate in reducing the number of banks to four. (See amendments Nos. 6 and 7.) The Senate recedes.

On amendment No. 18: Under the House bill if the stock investment of a member was greater than that required by the bill, the member's stock holding could be reduced and the member paid the value of stock canceled. Under this Senate amendment such member in such case can be paid no more for such stock than the amount paid in thereon. The Senate recedes.

On amendments Nos. 19 and 20: These amendments make clerical changes in cross-references to sections. The House recedes.

On amendment No. 21: Under the House bill stock held by the United States was to be begun to be retired when the amount paid in by members equaled that paid in by the Secretary of the Treasury. Under this Senate amendment such stock is begun to be retired when the amount paid in by members exceeds by 10 per cent the amount paid in by the Secretary of the Treasury. The Senate recedes.

On amendment No. 22: Under the House bill the home-loan bank board could require stock held by the United States to be retired if, in the opinion of the board, the bank had resources available therefor. This amendment adds the requirement that cumulated dividends on the Federal stock required to be paid under section 6 (k) have been paid. The House recedes with an amendment making a clerical change.

On amendment No. 23: This amendment provides that the stock of the United States shall be entitled to additional dividends to equal dividends paid on other stock. The House recedes with an amendment providing that when dividends in excess of 2 per cent are earned the stock of the United States shall be entitled to a dividend at a rate not in excess of that paid on other stock.

On amendments Nos. 24 and 25: These amendments provide that the value to be ascertained for the purpose of establishing the maximum amount which may be advanced on the security of a mortgage shall be the value of the estate mortgaged rather than the value of the real estate with respect to which the mortgage is given, as provided in the House bill. The Senate recedes.

On amendment No. 26: The House bill provided that no mortgage should be accepted as collateral security for an advance if it was past due when presented. The Senate amendment provides that the mortgage may not be past due more than six months. The House recedes.

On amendment No. 27: The House bill provided that the value of real estate should be as of the time the advance is made, and shall be established by certification or other evidence. The Senate amendment relates this provision not only to the value of real estate, as in the House bill, but also to the value of estates mortgaged. (See amendments Nos. 24 and 25.) The Senate recedes.

On amendment No. 28: This amendment makes a clerical change in a cross-reference to a section. The House recedes.

On amendment No. 29: The House bill provided that the unpaid principal of mortgages deposited as collateral for any issue of bonds or debentures should equal 190 per cent of such issue. Under this Senate amendment the requirement relates to all bonds and debentures issued, and not to any particular issue. The House recedes.

On amendment No. 30: This amendment makes a clerical change in a cross reference to a section. The House recedes.

On amendment No. 31: The House bill provided that no advance could be made to certain participating institutions without security after the enactment of State legislation authorizing pledging and assigning of home mortgages by the institution on the expiration of the next regular session of the State legislature. The Senate amendment strikes out this provision. The House recedes.

On amendment No. 32: This is a clarifying amendment to make certain that advances by home-loan banks to members are tax exempt. The House recedes with an amendment applying the provision to all advances.

On amendment No. 33: This amendment inserts a new sentence providing that notes, debentures, and bonds of a bank shall be accepted at par in payment of or as a credit against the obligations of a home-owner debtor of the bank. The House recedes with an amendment authorizing such acceptance only if unearned coupons are attached to the bond or debenture.

On amendment No. 34: This amendment inserts a new sentence providing that all obligations of home-loan banks shall plainly state that such obligations are not obligations of the United States and are not guaranteed by the United States. The House recedes.

On amendment No. 35: This amendment reduces the number of members of the Home Loan Bank Board from five to three. The Senate recedes.

On amendments Nos. 36 and 37: These amendments are clerical amendments relating to the party affiliation of members of the board. The House recedes.

On amendments Nos. 38, 39, and 40: These amendments reduce the terms of members of the board from six years to four years and make corresponding changes in the terms of the members first appointed. The Senate recedes.

On amendment No. 41: This amendment reduces the authorization of appropriations for board expenses for the fiscal year 1933 from \$500,000 to \$200,000. The House recedes with an amendment making the sum \$300,000.

On amendment No. 42: This amendment authorizes national banks to incur liabilities as authorized in section 5202 of the Revised Statutes under the provisions of this act. The Senate recedes.

On amendments Nos. 43 and 44: These amendments eliminate the provisions of the House bill authorizing the board to fix the stock subscription of institutions authorized under section 24 to become members and provide that such institutions shall in all respects be members. The House recedes.

On amendment No. 45: This amendment strikes out the exception of national banks, State banks, insurance companies, and trust companies organized under the laws of the United States or the District of Columbia. (See amendments Nos. 9, 10, and 11.) The House recedes with an amendment which strikes out the exception of insurance companies, but retains the exception of national banks and

other banking organizations eliminated from the bill by the action of the conference on amendments Nos. 9 and 11.

On amendment No. 46: This amendment authorizes United States bonds bearing interest at a rate not in excess of 3% per cent to bear the circulating privilege for a period of three years after the enactment of this act. There is no comparable provision in the House bill. The committee of conference have not agreed on this amendment.

On amendment No. 47: This amendment changes a section number. The committee of conference have not agreed on this amendment on account of the disagreement on amendment numbered 46.

HENRY B. STEAGALL,
W. F. STEVENSON,
T. ALAN GOLDSBOROUGH,
L. T. MCFADDEN,
ROBERT LUCE,

Managers on the part of the House.

PLACING OF UNEMPLOYED ON UNOCCUPIED FARMS

The Clerk called the next bill, H. R. 12097, for the relief of distress due to unemployment, to create a committee for Federal, State, and local cooperation in placing qualified unemployed persons on unoccupied farms for the purpose of growing subsistence food crops during the continuance of the unemployment emergency.

Mr. STAFFORD. Mr. Speaker, at the suggestion of the gentleman from Massachusetts [Mr. CONNERY] I ask unanimous consent that the House consider Senate Joint Resolution 169, which is a bill of similar import, in the Committee of the Whole, and that there be one hour's general debate, one-half to be controlled by the gentleman from Massachusetts and one-half by a minority representative of the Committee on Labor, if a member of that committee desires to control the time in opposition.

The SPEAKER. The gentleman from Massachusetts [Mr. CONNERY] asks unanimous consent to take from the Speaker's table Senate Joint Resolution 169, agree to its consideration in the Committee of the Whole House on the state of the Union with one hour's debate, one-half to be controlled by himself and one-half by the gentleman from Wisconsin [Mr. STAFFORD].

Mr. SCHAFER. Mr. Speaker, reserving the right to object, may I ask the chairman of the Committee on Labor if this bill was reported out by the unanimous vote of his committee?

Mr. CONNERY. Yes; that is my recollection of it. I think it was; yes.

Mr. SCHAFER. And the Committee on Labor desires to have action taken immediately, which is now and not next November?

Mr. CONNERY. That is it.

Mr. SCHAFER. Therefore, I shall not object.

Mr. McDUFFIE. Mr. Speaker, reserving the right to object, what is the subject of the bill?

The SPEAKER. The Clerk will report the bill by title.

The Clerk again read the title of the bill.

The SPEAKER. Is there objection?

There was no objection.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of Senate Joint Resolution 169, with Mr. OLIVER of Alabama in the chair.

The Clerk read the Senate joint resolution, as follows:

Joint resolution to provide information and direction to individuals and agencies concerned with relieving unemployment through finding opportunities for subsistence in rural areas

Whereas under present conditions temporary relief for some of the unemployed may be provided by aiding them to obtain a subsistence in rural areas; and

Whereas the indiscriminate settlement of such families on land is likely to subject them to difficulties and disappointments, as well as impose burdens and hardships on rural communities through increasing agricultural surpluses, and necessitating more ample provision for schools, roads, health, and other facilities; and

Whereas the likelihood of such disappointments and hardships may be minimized by information and assistance from the Department of Agriculture and other departments and agencies of

the Federal Government, cooperating with State and local authorities: Therefore be it

Resolved, etc., That the Secretary of Agriculture is hereby authorized and directed to make available the services of the Department of Agriculture, cooperating with the Department of Labor, the Department of the Interior, the Federal Farm Board, the Federal Farm Loan Board, the President's Committee on the Unemployed, and other departments and agencies of the Government, in providing information to the several States, municipalities, and other political subdivisions of the States, and to individuals as to suitable opportunities and methods of aiding the unemployed to obtain a livelihood in rural communities, and in coordinating activities of State and local agencies working to that end.

For the purpose of better carrying out the objects of this resolution the Secretary of Agriculture, with such assistance as may be supplied by other Federal and State departments and agencies, is authorized and directed to encourage the formation of State organizations representing rural and urban interests through which organizations the Secretary may effectively work in coordinating the activities of urban agencies for unemployment relief with those of rural agencies in position to supply necessary information and direction for settlement of the unemployed.

The Secretary shall encourage urban relief organizations directly or through the aforesaid State organizations to make careful selection of those families whose experience and resources, as supplemented by such relief funds as may be available, fit them for earning a livelihood in the country.

The Secretary shall ascertain directly or through State and local agencies the available opportunities in rural areas for obtaining land and buildings suitable for occupancy by unemployed families, and the terms and conditions on which such land and buildings may be obtained.

The Secretary is also authorized and directed to cooperate with the aforementioned State and local agencies in formulating plans for placing unemployed on the land; and in making available the technical and extension facilities of the Department of Agriculture and of the State agricultural colleges and experiment stations in the selection of food crops and livestock for family use and for determining suitable facilities, methods, and practices.

The Secretary of Agriculture and such other Federal agencies as may cooperate with him are hereby authorized and directed—

(1) To carry out this resolution, as an emergency measure, with a view to placing unemployed persons in rural areas for obtaining a livelihood, but in such manner as will avoid so far as practicable expanding agricultural production.

(2) To discourage the transference of financial burdens in respect of unemployment relief from urban communities to rural communities.

(3) To prevent as far as possible the exploitation of the countryward movement.

Mr. CONNERY. Mr. Chairman, the main differences between the Senate joint resolution, introduced by Senator McNARY, and the bill which was reported by the House Committee on Labor is that in our bill, the Black bill, a commission is to be set up composed of the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, the Farm Loan Commissioners, and the Director of the President's Organization on Unemployment Relief to act as a committee to carry out the purposes of this act.

The McNary resolution provides that the Secretary of Agriculture is authorized and directed to make available the services of the Department of Agriculture cooperating with the Department of Labor, the Department of the Interior, the Federal Farm Board, the Federal Farm Loan Board, the President's Committee on Unemployment Relief, and other departments and agencies of the Government in providing information to the several States, municipalities, and other political subdivisions of States.

For the purpose of better carrying out the objects of this resolution the Secretary of Agriculture, with such assistance as may be supplied by other Federal and State departments and agencies, is authorized and directed to encourage the formation of State organizations representing rural and urban interests through which organizations the Secretary may effectively work in coordinating the activities of urban agencies for unemployment relief with those of rural agencies in position to supply necessary information and direction for settlement of the unemployed.

The object of both these bills is to take people out of the bread lines and give them an opportunity during this emergency, if they want it, to go back on the farm with their families, and to do so after consulting with the different agencies of the United States Government—the Department of Agriculture, the Department of Labor, the Department of the Interior—with all of these departments coordi-

nating their activities to give information to people all over the country as to the advisability of their going back to the farm and taking them out of the bread lines.

This movement came about originally as the result of an experiment that was made by the Department of Labor. Secretary Doak of the Department of Labor sent Mr. Richardson of that department down to Greenville, S. C., saying: "There are a lot of people out of work down there. Go down and see what you can do with reference to helping out some of those people."

So Mr. Richardson went down, used his own judgment, took some of the mill hands down there and other people out of work, went to the farmers in the community some of whom had unoccupied farms and said to the owner of the farms: "Now, we have John Jones and his family. They are out of work. There is no work in the mill. What can you do to help them out? Will you put them on your farm? Will you let them raise one bale of cotton as rent and give them a year's rent for it? Will you let them raise some vegetables? Will you let them move their families out here and give the little children some sunshine and let the man raise some vegetables on your farm during this emergency? Then later, if it begins to develop that he likes to farm and if he is suitable to being a farmer, if he can gradually raise a little money from his crops and take over the farm from you 20 years or so from now, so much the better, for it would help his self-respect and would give his family food and shelter."

Mr. SCHAFER. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. SCHAFER. How is a city man going to raise these crops? Where is his money coming from to permit him to plow the land, to buy his cows, chickens, hogs, seeds, and so forth?

Mr. CONNERY. I am coming to that.

This representative of the Department of Labor went to the different organizations in different cities. He went to the owner of the farm. He went to the owner of the neighboring farm and said: "Will you lend a cow to this man? He has five children. Will you give him a cow, or lend him a cow? He will pay you in the future."

Then he went to some other public-spirited citizen and said to him, "What will you do for this man? Will you give him a few chickens?" Eventually he placed these 47 families on the farms, with a donation here and a donation there. Now, it is not a question of exact charity. It is a question of cooperation. He did not put people on these farms who had never seen a farm before.

You will notice that the McNary resolution uses the Department of Agriculture to discourage people from going on farms who do not know anything about farms, and who do not know anything about raising crops, and after they have been there for a while lose everything and are worse off than they were before.

Mr. SCHAFER. If you want your piano tuned you do not get a blacksmith to tune it. Is the gentleman certain that if this farm relief bill passes this Government agency will not get fellows on the farms who do not know anything about raising crops and who do not know what to do with a cow after they get it.

Mr. CONNERY. First of all, this is not a farm relief bill. It is to take people out of the bread line. It is to take thousands of people who are in the bread line in big cities and who came from farms and put them back on farms. Do not forget that. The purpose is to take people out of the bread line who have come from farms and are willing to go back to the farms. That is all we ask. We do not ask the expenditure of any money.

I will give the gentleman a perfect example of what I mean. In Milwaukee you have an employment agency representing the Department of Labor. There they are trying to get jobs for somebody in the mills or factories. However, the mills are not running or the factories may not be running or the tanneries may not be running.

Mr. SCHAFER. And the breweries are not running. If you would change the prohibition law you would put 30,000

men to work in Milwaukee at once and you would not have to be pussyfooting and camouflaging about a bill like this.

Mr. CONNERY. I know the gentleman is not referring to me in that respect, because he knows I have always voted wet.

Mr. SCHAFER. The gentleman knows that if we followed the Democratic platform, which pledged an immediate change of the Volstead Act, we could put several hundred thousand men at work throughout the country and put hundreds of millions of dollars into a badly battered Treasury.

Mr. CONNERY. I am perfectly willing to vote for such a proposition, but at this time I am interested in hungry men, women, and little children.

Mr. McCORMACK. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. McCORMACK. I am very much impressed with the gentleman's argument. I would like to ask my friend from Wisconsin, with the permission of the gentleman from Massachusetts, whether or not he is going to run for reelection to this body on the Republican platform with reference to prohibition?

Mr. SCHAFER. I always run on my own platform, my legislative record, and my service. If the gentleman will look at my record he will see that it is wet.

Mr. McCORMACK. But I asked the gentleman if he was going to run on the Republican platform with reference to prohibition?

Mr. SCHAFER. I am not merely talking wet when running for office and not voting that way, like many dry Democrats from the South, who vote dry and yet say they are for the Democratic platform, which pledges immediate change of the Volstead Act. I shall run again on a platform favoring the repeal of the eighteenth amendment and the Volstead Act.

Mr. CONNERY. I dislike to have the prohibition question brought in at the present time. I am interested in the unemployed men and women of the country. However, I want to say to the gentleman that I vote wet and will support any wet bill. But, as far as I am concerned, before the wet-and-dry issue comes the bread-and-butter issue, unemployment issue, and the relief of hungry men, women, and children.

Mr. WATSON. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. WATSON. Who is to take care of these families while the crops are coming in? The gentleman knows you can not raise chickens overnight and that it takes time to raise crops.

Mr. CONNERY. I will say to the gentleman that these people who are to be put on these farms have nothing. The gentleman will understand that. But they will be helped by the different organizations and public-spirited citizens, so that they can go on the farm and have something with which to make a start. That will take care of them for a little while.

Mr. WATSON. It is not a matter of a little while but it is a matter of months before anything can be produced on a farm. I have lived on a farm and I know all about it. What I want to know is whether someone is going to give these farmers sufficient money to care for them while the crops are growing.

Mr. CONNERY. It is not a question of money in this proposition. It is a question of getting something to eat. It is a question of the difference between having these people on the farms or in the bread line.

Mr. WATSON. What is the difference between money and something to eat? It takes money to buy something to eat.

Mr. CONNERY. In any event they would have to be cared for by welfare organizations. I wish I had the pictures which Mr. Richardson had showing the benefits which had come to the children who were put on these farms. They received great benefits by reason of the air, sunshine, and decent food they got on these farms.

Mr. WATSON. I am not questioning that, but I want to know who is to supply the products to take care of them while they are waiting for some returns from these farms.

Mr. CONNERY. These people are not to stay on the farms forever. They are only going to stay on them during this national emergency. The idea is to put them on the farms and take them out of the bread line, and use the money which the welfare organizations would have to give them to help them on these farms.

Mr. WATSON. The winter is coming on. They can not plant anything now and get any return until next spring.

Mr. CONNERY. All right; they are going to be kept during the winter somehow. They are going to stay in the bread lines if something is not done.

Mr. WATSON. I suppose so.

Mr. CONNERY. We are trying to take them out of the bread lines and let the Department of Agriculture and the Department of Labor use their power and their brains to see if it is not possible to put these people who have been on the farms back on the farms and try to get them going in this way.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. SUMMERS of Washington. I call the attention of the gentleman from Pennsylvania [Mr. WATSON] to the fact that these people would at least have a roof over their heads and if they had these chickens they might have eggs the first day, and they would milk the old cow twice a day from the very beginning.

Mr. WATSON. But the cow would have to be in production. You can not milk a dry cow.

Mr. SUMMERS of Washington. The gentleman is assuming it would be a dry cow, while I am assuming it would not be.

Mr. TABER. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. TABER. Is it not a fact that the departments can do just as much without this bill as they can with it?

Mr. CONNERY. No; I do not think so. The gentleman knows from his experience here that if the Congress suggests something to a department it will go a long way to try to put that into effect.

Mr. TABER. Does the Department of Labor want a lot of money to operate this plant?

Mr. CONNERY. No; not a cent.

Mr. TABER. Then there is not anything suggested here but what can be done just as well without this bill.

Mr. CONNERY. They have appeared here in favor of the bill.

Mr. GARBER. This bill authorizes the various departments to cooperate, and without such authorization they would not be authorized to do so.

Mr. CONNERY. That is true.

I shall not take any further time, because there are other gentlemen to whom I wish to yield.

I yield five minutes at this time to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Chairman, I do not think, of course, that this bill is going to be any cure-all for the unemployment situation, but the Department of Labor has demonstrated beyond any doubt by an experiment at Greenville, S. C., that the plan can be helpful. They took 42 families from the mill sections of that city and put them on farms adjacent to the city of Greenville, where they were enabled to help feed themselves.

The purpose of the plan is to have the cooperation of the Federal agencies, with the local charitable organizations in the cities, so as to take people from the bread lines, who have formerly lived on farms, and enable them to produce some of the food which must be given to them.

It seems to me it is worth while for the Government to put the stamp of approval on this plan, which is already being used in numerous cities throughout the country.

We know that a great many of the people who are idle in the cities to-day are former residents of the farms of this country. They were attracted to the industrial centers by

high wages, which no longer exist. Why would it not be better to have the charitable organizations, with the cooperation of these Federal agencies, put some of these people, who can be found by the Employment Division of the Department of Labor, back on the farms where they can at least produce some of the food necessary to feed them?

Mr. ANDRESEN. Will the gentleman yield?

Mr. RAMSPECK. Certainly.

Mr. ANDRESEN. Does the gentleman propose to find idle farms to put these people on, or will they be taken on as tenants on farms already occupied?

Mr. RAMSPECK. The purpose is to find idle farms and to place them with farmers who can use their labor. This is what was done in Greenville.

The Federal farm land banks have numerous idle farms and the Department of the Interior has some idle land in the West, and the idea of putting all these departments in the bill is that they may all cooperate with local charitable organizations and give the unemployed who have had farm experience an opportunity to at least produce some of the food which they are now being given in idleness.

Mr. GRISWOLD. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. GRISWOLD. I understand it to be the gentleman's intention to put these men on Federal land bank farms?

Mr. RAMSPECK. The purpose is to put them on any land that is available. It may be land that can be rented at a very reasonable figure. Both Federal farm land bank farms or any other farms that are idle and which may be contributed for this purpose during this emergency will be used.

Mr. GRISWOLD. How will they handle land bank farms with respect to the bondholders?

Mr. RAMSPECK. They will not be hurt if the farms are standing idle.

Mr. GRISWOLD. They would have an interest in the matter and would have something to say about it.

Mr. BRIGGS. As I understand, there is no cost to the Government involved here.

Mr. RAMSPECK. No. It simply authorizes the Federal departments to do something that they are not now authorized to do.

Mr. BRIGGS. And it is just to afford an opportunity to take care of some of the unemployed and make the families self-sustaining where otherwise they would be without any resources whatever.

Mr. RAMSPECK. That is the case exactly. It does not cost the Government a cent in the world except the time that may be spent by these Federal agencies, for which, of course, they will be paid out of the regular appropriation.

It is certainly better to take the people out of the bread lines in the cities and put them where they can raise vegetables and where the charitable organizations can give them chickens and cows, and it would certainly be cheaper for the people of the cities who are now having to support these people in idleness to contribute something that would give them an opportunity to help the situation themselves.

I can not see any possible objection to it. I can not see where it would entail any cost upon the Government, and yet I can see where it would be a great thing for the people who are now congregated in idleness in the cities and who are willing and anxious to work, but can not find any way to get a job.

I hope the House will pass the measure promptly.

Mr. MEAD. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. MEAD. This would be more helpful and more elevating if continued and would improve the character of citizenship over that which now results from association in the bread line.

Mr. RAMSPECK. That is true; and that was the experience reported by the Department of Labor in the matter at Greenville.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman, I introduced the original House bill at the suggestion of Bernarr MacFadden, who is greatly interested in the Department of Labor's experiment at Greenville, which the gentleman from Georgia [Mr. RAMSPECK] has just spoken of.

I have seen the bread lines in New York City. I have seen honest Americans in that line waiting hours for a cup of coffee and a sandwich. Many of these people would be far better off if they were out in the rural districts on a farm. I have seen many uninhabited farms on my way here from New York, and it was only logical, as it seemed to me, that these people should be taken off the bread lines and put on these farms, where they could have something to do and get something to eat.

In New York State our governor has taken care of a great number of people, taken them from the bread lines and put them on unused farms. Two hundred and twenty-four families which were on the bread line have now been put on farms in New York and are living happily.

The people are going back to the farms. In times of distress people go back to the land. They are going back, without any idea of what is going to happen when they do get back, and we want to have some systematic plan of migration. We want a systematic migration back to the land, so that there will be some chance for those who are going back, and so they will not interfere with those who are already on the farm.

Mayor Walker and Commissioner of Public Welfare Taylor are doing what they can for humanitarian reasons. They are buying transportation for these people out of New York City. It is far better that they leave our bread line and go back to the land, where they will find shelter and find something to eat.

This bill authorizes the Agricultural Department to cooperate with various local agencies to find unused farms, and to find some help when they get back, so that they will be able to carry on and be able to get a living. It is to enable people who want to go back, who want to get away from starvation and breaking down, and when they finally do get to the land they may be able to carry on. Now, this does not cost the Government a cent.

It does not cost the Government a dollar, it is no burden on the taxpayer, and I really believe after the experiments conducted in Greenville and in the State of New York that this will be a fine step to relieve unemployment in a sensible fashion. [Applause.]

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, I am glad that I have discovered who was responsible for instigating the Black bill. It must have been a physical culturist or a magazine publisher, for the bill had everything in it. They were going to take the Federal land-bank lands without the consent of the bondholders or anybody else and put these people on them.

I have the deepest sympathy in the world for all the unemployed in the cities, but they were invited to the cities in times of prosperity, if they went from the farms. In this bill there is no provision made to take back anybody who is acquainted with the farm. You can take a soda jerker or a machinist or anybody else back there and you can take him there and try to make him make a living in a manner about which he knows nothing. There is no provision in the bill to keep these people during the time from now to the time that they can make a crop, which may be two or three years. They are going to just unload all these people from the city onto the country.

Mr. WOODRUFF. And it is a certainty that anybody placed on a farm at this period of the year could not possibly produce a crop before next year.

Mr. GRISWOLD. That is true. These farmers now on the farms are all destitute, they can not pay their taxes or mortgages, and their farms are being foreclosed. With these people on the farms unable to make a living, how do you expect these unemployed people to do it. The idea is to take them out there and lead them onto an already desti-

tute agricultural community. I have not had an opportunity to look over the provisions of the bill under consideration, but the Black bill provided that they were to be taken care of by responsible agencies.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. Yes.

Mr. CONNERY. The matter now before the House is the McNary joint resolution, and one of its parts reads as follows:

Whereas the indiscriminate settlement of such families on land is likely to subject them to difficulties and disappointments, as well as impose burdens and hardships on rural communities through increasing agricultural surpluses, and necessitating more ample provision for schools, roads, health, and other facilities.

He wants nobody to go back to the farm who is not able and ready and willing to take care of himself when he goes to the farm.

Mr. GRISWOLD. That is just the question.

Mr. CONNERY. That is what we want to do.

Mr. GRISWOLD. You are going to take people back to the farm who have had experience on the farm, and perhaps have been away for years, to try to make a living, when the man who has been there working on the farm all the time can not do it.

Mr. COLLINS. It seems to be the theory of this bill that the way to relieve unemployment is to get rid of them by putting them on some other community.

Mr. GRISWOLD. By dumping them on the farm. I want to see these men employed. I have worked for it in the Committee on Labor; but the way to employ them is to put them to work where they are.

Mr. CONNERY. I know the gentleman's sympathy, and I know how sympathetic he is to anyone who is out of employment. The gentleman saw the pictures of those little children of 47 families taken out of Greenville, S. C. Even if we gave these children nothing but good air and sunshine and decent milk to drink, the passage of this bill would be worth while.

Mr. GRISWOLD. I remind the gentleman that in little towns and in agricultural communities to-day there are little children who have nothing.

Mr. CONNERY. But they are better off than those little children whose fathers are in the bread line. They have no milk.

Mr. GRISWOLD. This condition is general, and you are going to make it worse; you are going to unload people on these destitute communities when you take them from the cities. Let those who prospered from them in their days of prosperity take care of them now in their days of destitution. [Applause.]

It is not fair to either the unemployed or the farmer. You make the unemployed a charge on a strange community for a year until the crops come, and then, with free seed, free implements, free rent, and no taxes, he competes with the farmer, who must pay for all these things.

Mr. STAFFORD. Mr. Chairman, when the House bill came near to consideration when the Committee on Labor had its day on Calendar Wednesday I was hopeful it might be considered. For a long time I have been of firm opinion that one of the most potent ways to relieve the industrial depression and remedy the destitution so general in our industrial centers is to follow the example so general in Europe, especially in the densely populated districts of continental Europe, as in Germany, Sweden, and the like, and provide small patches of land so that the individual tiller might be able to eke out a fair existence.

Everyone knows that a man can provide for himself and family substantially on a small tract of land, say, 10 acres, with a cow and a hog and the cultivation of the soil. I was surprised when an irrigation bill was under consideration to hear the gentleman from Colorado [Mr. TAYLOR] say that there are vast tracts of land in Colorado suitable for cultivation but that the former owners had trekked away to the large industrial centers. Anyone who is acquainted with the way people generally have gone to Detroit, have abandoned the farms in northern Wisconsin and other places to get the high wages paid in industry when it was at its peak,

knows that the one way to give at least a living to those destitute in the cities is to provide them with homes on small patches of land that will support a family.

I, for one, in these crimping times, would favor the Government voting a thousand dollars from the Reconstruction Finance Corporation to place a man on an untilled patch of ground so that he might make a living. How else are we to relieve this destitution? There is no other panacea. If we are going to extend the tariff wall so high that our surplus production can not be distributed abroad, what are these persons who were formerly occupied in industrial centers going to do? If they till the soil, it will be possible for them to make a living. That is all this bill provides. It simply enables the Secretary of Agriculture to furnish to these persons who sincerely want the means whereby to make a living information which is at the command of the Government to go to these tracts of land, untilled and unoccupied, formerly cultivated, so that they may be able to maintain themselves and their families in a small way. There is no intention for them to go into competition with agriculture generally. It is merely a means to provide them with a means of sustenance.

No person with a heart who knows the dire conditions existing in our industrial centers could oppose this proposition. I know the conditions in the industrial centers. Walking down Woodward Avenue, Detroit, one Sunday morning on my way to church, about two months ago, a man and woman came to me with two little children begging for alms.

Could I refuse them? Who could? He was there. He had come to seek work in that large industrial center. There was no opportunity for work. The automobile industry was flat. If we could say to them, "You have cultivated a little piece of ground abroad; you know how to make a living," and give them a piece of land and means of production, we could cure to that extent the poverty question that is threatening our industrial centers, and will continue to threaten them until we give some means of relief.

You, Representatives from farming communities, do not think for a minute we are trying to make added surplus to farm production. No. It is only to let these men who are able-bodied, with families, engage in activities so that they can make a living for themselves. For humanity's sake let us do something for the downtrodden man. We have done nothing so far. I grant it will not relieve the cotton planter in the South, but even there, they can raise their little garden; they can have a cow and a pig and the like, and they can make a step onward toward relieving themselves and those dearest to them by cultivating God's native soil. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. LaGUARDIA.]

Mr. LaGUARDIA. Mr. Chairman, in theory this bill is perfect. If the sincerity and eagerness of the gentleman from Massachusetts [Mr. CONNERY] and the gentleman from New York [Mr. BLACK] could be translated into something actual, we would have a perfect plan here; but as a practical proposition this bill is just zero. The only kind of a paying farm to-day is a truck farm near a center of population, and such a farm would not be available for this purpose.

Mr. CONNERY. Will the gentleman yield?

Mr. LaGUARDIA. Not just now.

Mr. CONNERY. That is just what we wanted to do.

Mr. LaGUARDIA. I am coming to that. I have talked with General Underwood, of the Salvation Army, who has a deep interest in this proposition and who has complete plans for moving several thousand people from the cities onto these farms; and also with Mr. Avalon, representing the Hecksher Foundation; but they couple with this proposition the necessity of an appropriation of several millions of dollars. Without an appropriation to take care of these people on the farms, it is worthless. Not even the unemployed can live on air as some of our statesmen believe they can. Let us assume there is available land, and these people, who are inexperienced as far as farming is concerned, are taken from

the city and transplanted to the farm. They must be equipped with farm implements; they must be provided with transportation; they must be equipped with livestock; they must have horses or an auto, and therefore feed or gas; they must be equipped with seed, with fertilizer, with food and clothing during the winter season, and if they can be maintained that long, by the time the crop is harvested, then the tax collector will come along and take whatever there is left.

Now, this idea of moving from the city to the farm is ideal. Poets have sung about it for a long time, but as a practical proposition we have migration from the farms to the cities, and everything is not what it once was on the farm. It is a hard, practical proposition. Capital is necessary for farming; experience is indispensable.

Now, as an experiment, of course there can be no objection to this bill. I doubt that it will work out. It has been tried many times before and has always ended in failure or cruel exploitation. I know that the people back of this plan are absolutely sincere. I also know that every day we are confronted here with the problem of surplus farm products created by lack of purchasing power of the American people. It would seem to me we should strive to increase the purchasing power and not increase farm production. Only this morning we had a very interesting debate on that proposition. The gentleman from Wisconsin points to the dire distress in the cities. We know it; I tried to make Congress realize it. The gentleman from Massachusetts [Mr. CONNERY] is an authority on that subject, because as chairman of the Committee on Labor he has given it a great deal of thought and study; but I can not subscribe to the theory suggested by the gentleman from Massachusetts, out of his good Christian heart, of going out and begging a cow and going there and asking for a couple of chickens. That may do in an individual case or isolated instance. My God! we must do more than that. We have to give the unemployed American citizen a square deal and not charity. We have to take care of him and provide work and decent wages; we must do something real and permanent. This bill is not the solution—a cow, a chicken, a sack of flour, a bit of charity, and perhaps an exploiting landlord. We must face the situation. We must come down to the 6 or 7 hour day. We must come down to the 5-day week. We must provide economic security by providing a national system of unemployment insurance. Those are the things that will solve the problem. As long as we waste time with palliatives we will get nowhere, except nearer social upheaval. Even the \$300,000,000 relief which was authorized the other day and propositions of this kind are not sufficient. Experiments in colonization, every time they have been tried in this country, have resulted in a failure or, as I have said, in exploitation. The relief hoped for will be so infinitesimal and so small that it will have no effect at all. It will not even be noticeable.

I am not criticizing the purposes of these gentlemen. I know Mr. Bernarr MacFadden is sincere and earnest. He may do well with individual cases. If we expect to transplant a hundred thousand unemployed city families to the farms it will require several million dollars to keep them there. I know they have done everything that is humanly possible to bring about some relief, but let us not deceive ourselves. This will not produce any effective good. It can not, by the very nature of the proposition.

I submit we must stop ineffective palliatives.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield the gentleman from New York two additional minutes.

Mr. CONNERY. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. CONNERY. The gentleman knows the Committee on Labor—and it almost gives me a laugh to-day when I think of it—last January reported out this \$300,000,000 relief bill which President Hoover is taking credit for to-day.

Mr. LaGUARDIA. I do not care who takes the credit; I am sure the gentleman does not care. I am only concerned in getting relief for the needy unemployed.

Mr. CONNERY. The Committee on Labor had two relief bills. There were two Black bills. One of the Black bills called for an appropriation of \$10,000,000 and the other

Black bill did not call for the appropriation of a dollar. The committee knew that if it reported the Black bill calling for the appropriation of \$10,000,000 it would not have a chance.

Mr. LA GUARDIA. I understand the parliamentary difficulties. I am not criticizing the gentleman. I feel sorry for him in the hopelessness of trying to get something that is effective and real at this time when the leaders of American politics have not yet realized the seriousness of the situation and are unable to see the coming storm.

Mr. CONNERY. We are trying to get a cow, a chicken, or a hog to help them, that gentlemen have referred to here.

Mr. SCHAFER. Will the gentleman yield?

Mr. LA GUARDIA. I yield.

Mr. SCHAFER. Perhaps the multimillionaire publisher who is the real author of this bill, Mr. Bernarr MacFadden, can furnish a couple of cows and chickens to these people and give them a year's subscription to True Stories or to True Romance Magazine.

Mr. LA GUARDIA. Let me say in all fairness, Mr. MacFadden will contribute more than his share, and has been doing so, and I am sure will continue to do so. He is a fine, splendid, public-spirited citizen.

Mr. SCHAFER. I want to be fair. I say in all sincerity that Mr. MacFadden, the multimillionaire publisher, might divest himself of some of his money to help the needy and not merely have introduced a camouflage proposition here as a gesture. Some of the other multimillionaires in this Nation should divest themselves of some of their millions to take care of the needy.

Mr. LA GUARDIA. I am sure Mr. MacFadden will do his share and will perhaps in addition furnish a subscription to Snappy Stories to the gentleman from Wisconsin. The gentleman could read that.

Mr. BLACK. He has been a fine example to the citizens of the country.

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Chairman, the bill is not a complete and comprehensive bill, but it is a step in the right direction.

There is no scarcity of wealth or food in the United States, but in spite of all the wealth and all the food in the United States we are confronted with the fact that 10,000,000 or more people are to-day unemployed, and a large number of them begging their fellowman for something to eat.

I would like the gentleman from New York to explain in his own time the difference between handing a man money, as we are doing daily on the streets, and giving him a cow to help him produce something to eat.

Almost any way you turn you are confronted with one or a dozen people begging you to give them something to purchase the next meal with. And we who are employed are giving, many of us, even beyond our means. Frankly, I am glad to divide any sustenance that I may have with anyone less fortunate.

In this dark financial age we find that even the wisest of the wise are destitute for a solution of our existing problems. Why a few months ago we found our Farm Board officials, or Department of Agriculture officials, advising cotton growers to plow under every other row of their cotton instead of picking it. Such folly indicated the hopelessness of the officials' destitution in solving the problems existing. Weak and unworkable remedy after remedy has been offered to the Congress. Some of them have even been accepted by the Congress, only to later reveal their utter unworkableness. Why, a Congressman from a Western State told me recently that oats were selling in his State for 8 cents per bushel, and that it took 4 cents to thresh them and about 4 cents for seed. I ask you, can these conditions long continue? They can not. We must reestablish the purchasing power of the farmer, and until such time as tariffs, debentures, and other measures can be enacted we should assist the unemployed all possible to cultivate land and make something to eat. This depression has been of long duration, and I fear may last much longer.

This bill would be a step in the direction of getting people to go back to idle lands, or to go to idle lands for the first time, if you please, and there from the breast of mother

earth wring an existence to feed themselves and their families.

They are tired of begging on the streets for something to eat, and if they are assisted back to the land, or to the land for the first time, it is hoped that they will make something to eat from their own efforts and not be confronted with the embarrassment of begging someone to give them something to eat. Why, Mr. Chairman, it is the most humiliating thing for an able-bodied man who desires a position and yet is hungry to ask someone to give him something to eat. This is what we are confronted with, and millions of acres of land in our country which would produce something for these men to eat are idle.

Mark my words, our industrial centers will not and can not provide employment for the people in their midst. It is inevitable that these great masses of population must, now or later, go back to the land and there make something to eat. They will become more and more tired of asking for something to eat in the streets. The man of medium means, or the man of great means, will get more and more tired of having to divide his earnings and his money with them. It is inevitable. They must go back or must go to the land for the first time and make something to eat. Millions and millions of acres of land are idle with no one there producing anything to eat, and on the other hand 10,000,000 people desire employment which can not be obtained.

I am not willing to say that our industrial system has collapsed. I am not willing to say that this depression will go into a panic and that conditions will grow worse and worse, but I want to remind my colleagues of recent history. Some 40 or 50 years ago men were working on farms for 25 or 30 cents a day.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield two additional minutes to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. They were proceeding along in an orderly way and rearing their families and maintaining themselves on that meager wage. But during the new age, this great golden age, things have rapidly changed to where now we have discontent, to where now we have poverty, to where now our middle class is being rapidly eliminated, and we have the pauper class rapidly developing and the millionaire class losing their wealth.

Mr. Chairman, something must come about immediately to change this condition. This bill is no cure-all, but it will give the assistance of the Department of Agriculture, its county home-demonstration agents, and its other facilities without additional appropriations to guide the people in their efforts to become self-sustaining. Mr. Chairman, with self-sustenance come courage and independence. The farms have always produced our great leaders in finance, industry, and statesmanship. To-day we must encourage a rehabilitation of the farm and farm life. The Nation is already calling for the leadership that our farm communities once gave. The vast populations must depart from the congested industrial centers and cities and once again become self-sustaining on our vast and fertile farm, pasture, and prairie lands. Herein lies the real hope for the bright destiny of America. The wealth of our Nation is being rapidly destroyed by the selfishness of those who hold it. This process of elimination and leveling down may continue to work its own way, but that which really concerns us to-day is the development of the great leaders that our Nation so badly needs. This can be done only through the development of a new rural life with self-sustaining and independent rural population, far removed from selfishness, corruption, and turmoil.

And may I predict that some 10 years from now instead of your congested industrial centers you will find the most choice of our American people going along on the farms of our Nation, in a happy condition, there enjoying their freedom and independence. By the sweat of their honest brows, laboring beneath the blue canopy of heaven, they will still be wringing their living from the breast of Mother Earth. These people will then be the hope and inspiration of America as they were some 40 or 50 years ago. [Applause.]

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Oklahoma [Mr. GARBER].

Mr. GARBER. Mr. Chairman, I am grateful to the distinguished gentleman from Wisconsin [Mr. STAFFORD] for the privilege of participating in this discussion. I do so only for the purpose of calling attention to the evidence of an abysmal lack of information regarding the woeful conditions of agriculture, and it is without any criticism whatever in regard to the distinguished but misguided gentlemen who are championing the enactment of this measure.

The purpose of the bill is to establish the unemployed upon the abandoned farms of the country, to enable them to produce farm products for their consumption. The argument made in support of the measure by the distinguished gentleman from New York [Mr. BLACK] and by the distinguished gentleman from Massachusetts [Mr. CONNERY] is commendatory of their sympathy and their zeal to relieve congested conditions of unemployment in the large cities which they so ably represent. But, Mr. Chairman, that zeal and that misdirected energy is only evidence of a total lack of information regarding the conditions which now prevail throughout the farming districts of the country.

Mr. BLACK. Will the gentleman yield?

Mr. GARBER. I gladly yield to the distinguished gentleman from New York.

Mr. BLACK. Does the gentleman accuse the Secretary of Agriculture of having the same lack of information? He approves this bill.

Mr. GARBER. No; I do not accuse the Secretary of Agriculture of a lack of information. He stated in his letter the tragic conditions of the farm, but expressed his willingness to assume the responsibility if it were imposed upon him by Congress. He could do nothing else and is not to be criticized for it. He is not in sympathy with this movement. What I said was not in any spirit of criticism of the motive and purpose of the gentlemen championing this bill and this organized effort to encourage the movement back to the farm, which would only diminish the market for farm products already selling below the cost of production.

Coming from the farm, it is my purpose to give you some actual information of the existing conditions confronting the farmers of this country. Do you know that during the last several years over 1,000,000 farmers have been dispossessed of their farms and, through foreclosure proceedings, have been turned out into the road to search for shelter and sustenance in their helpless condition? Do you know that the farmers still remaining are unable to meet their local taxes, their interest and their coming-due obligations? Do you know that the indebtedness of agriculture, including chattel mortgages, exceeds \$12,000,000,000? Gentlemen, as a commercial proposition, agriculture has collapsed. It is only now a temporary shelter for the men and women who have been producing the food for you gentlemen in the East below the cost of production. Agriculture is homeless to-day so far as its financial condition is concerned.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield the gentleman from Oklahoma an additional minute.

Mr. CONNERY. Mr. Chairman, I yield the gentleman an additional minute.

Mr. GARBER. I thank the gentlemen for the privilege of continuing for two additional minutes.

Do you know that during the last 10 years the farmers of this country have been producing below the cost of production, year after year, and are now in a helpless condition, as stated by the distinguished gentleman from New York [Mr. LaGUARDIA]? Do you know that they have been doing this to the extent that they have exhausted all their financial resources and almost all the equities in their land? How do you expect the farmers of this country to continue production at a loss with all their resources already exhausted?

This session of Congress convened on the 7th day of December, 1931. With full knowledge of these conditions, the House majority has continuously refused a rule to consider the major agricultural bills reported out by the House Agricultural Committee. This is the 14th day of July, 1932, be-

lieved to be the next to the last day of the session, and the pending measure is the only answer to our repeated requests, our persuasions, our arguments, our pleadings to report a major bill that would be effective in its direct relief to the farmers of the country. The purpose of this bill is not to relieve existing conditions but to aggravate and intensify them by increasing the number on the farms and diminishing the market for farm products.

You have this day refused to grant a rule for the consideration of the Norbeck bill, passed yesterday by the Senate. That bill declared an emergency. It invoked the war powers of the Government. There is no question but that an emergency greater than that which existed during the war exists at the present time.

At that time the Food Administration fixed the minimum price of wheat at \$2.20 per bushel. This bill does not fix the price. It simply adds the tariff duty to whatever price prevails and gives it direct to the farmer producing any or all of the three basic products, namely, 42 cents per bushel on wheat, 2 cents per pound on hogs, and 5 cents per pound on cotton for that used in domestic consumption. It does this without any additional cost to the taxpayer or appropriation from the Treasury. It levies and collects a process charge from the miller of 42 cents per bushel on wheat, from the packer of 2 cents per pound on hogs, from the cotton manufacturer of 5 cents per pound on cotton, and likewise on the manufacturer of silk and rayon to provide protective compensatory duties to cotton.

It requires the Internal Revenue Department to make these collections the same as it does the income taxes, the moneys from each source to go into separate funds in the Treasury Department to cancel the adjustment certificates issued direct to the farmers when they sell their products used in domestic consumption. Such certificates are redeemable at any Government fiscal agency designated by the Treasury, less certain administration costs not exceeding 2½ per cent, redemption to be made at any time after 30 days and not more than one year from the date of their issuance. The certificates would be issued direct to the farmer on his production of any one or all of the three basic commodities mentioned and marketed by him for domestic consumption whether from this year's production or from hold-over production at the time he sold.

The bill would enable the farmer to receive a domestic price for that which he produced of the three basic products for domestic consumption, the amount of the domestic consumption to be determined by the Secretary of Agriculture, which is clearly ascertainable over a period of five years. To illustrate: If the estimate declared the home consumption of wheat to be 75 per cent, the farmer taking 100 bushels of wheat to market would receive adjustment certificates for 75 per cent of that amount upon satisfactory proof of such production and sale. Excess production for export for which a processing charge had been collected would receive its refund and processors would be permitted to process in bond for export without the payment of process charges.

It is true the bill only applies to three commodities, but they are basic. Their increased prices would lift the prices of all other farm products.

In form, the bill embodies the allotment plan presented to the several committees of the House and Senate by the Hon. John Simpson, president of the National Farmers' Union, a recognized authority on agricultural economic conditions. It was agreed upon by the representatives of the three great farm organizations. Four months ago they insisted upon its immediate consideration and enactment. It embodies the most direct relief to the producers of any bill yet presented to Congress. It is not complicated. It is not loaded down with unnecessary administrative machinery. It requires no appropriation. It is simple, direct, workable, sound, and effective. Why did your Rules Committee, composed of eight of the majority and four of the minority, refuse to-day to report out this bill for which the farmers of this country have been waiting and which was passed by the Senate yesterday without material opposition? Tomorrow the gavel will fall, and this Congress will adjourn.

In the face of your refusal to grant a rule and consideration of the bill or to enact any substitute, what will be your explanation to the farmers of the country? The representatives of the farm States have insisted upon this legislation. They were entitled to expect it in view of the legislation which they were induced to support and which you now admit has not been effective as yet to relieve the country from the existing depression. And now you bring in this bill to establish the cities' unemployed on the land. What about the millions of farmers already dispossessed, unemployed, and homeless?

What a debacle. What an absurd climax to the boasts, the pratings, and protestations of the championship of the farmers of the country. How do you expect to increase the price of farm products and restore the purchasing power of the farmers by increasing production as proposed by the bill under consideration, a little popgun bill that amounts to nothing except in so far as it would aggravate and intensify the deplorable conditions now existing?

Mr. Chairman, in conclusion, permit me to say there are 40,000,000 people living on the farms of this country. When they lost their purchasing power you gentlemen in the East, in the large cities of the country, lost your employment for labor. What is the remedy? Not to increase production, not to increase the numbers on the farms, but to restore the purchasing power of the farmers still remaining. When you restore that purchasing power you restore the purchasing power of 40,000,000 people. When that is done you will have established a market for the production of your industries in the East. Your mills, your mines, your factories will start up; labor will be reemployed; capital will invest; and the farmers of the country still hanging on with better prices and restored purchasing power will lift you out of this depression. [Applause.]

Mr. CONNERY. Mr. Chairman, I yield one minute to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, at the invitation of our distinguished colleague the gentleman from Texas [Mr. SUMNERS], a group of Members of the House interested in the subject of agriculture assembled together on several occasions for the purpose of considering the possibilities of legislating in the interests of the farmers of America. This group from every section of the country gave freely of their time and energy in an effort to promote and advance the cause of agriculture. An executive committee was selected to represent the group before the Rules Committee and in the necessary conferences with the leaders of the House.

I was honored by being designated as chairman of the executive committee and, together with my associates, we conferred with the distinguished chairman of the House Committee on Agriculture, the Hon. MARVIN JONES, of Texas, who in my judgment is one of the best authorities on the subject in the country. We also called upon the Speaker and the majority leader of the House, both of whom are vitally interested in the question, as was indicated by the introduction of the emergency agricultural relief bill by Mr. RAINEY. During the course of our study of this all-important question we recognized the impossibility of passing a real emergency relief bill at this session, as the record clearly indicates that not one of the measures indorsed by any of the national farm organizations has an opportunity of receiving approval at this time.

The important agricultural relief measures considered by the House and Senate at this session included the so-called equalization fee, the debenture plan, the allotment plan, and the emergency bill sponsored by Mr. RAINEY. The equalization fee, as you know, at one time passed the House and the Senate, but was vetoed by President Coolidge, and at that time it was generally understood that President Hoover, then Secretary of Commerce, collaborated with Mr. Coolidge in preparing the veto message. The debenture plan, considered in both the House and the Senate for several years, was the subject of an attack made against it by President Hoover at the time of the adoption of the Federal Farm Board legislation.

The President in a letter to Senator McNARY set forth 10 points upon which he based his opposition to the debenture plan. President Hoover has also gone on record in opposition to the so-called allotment plan, for in his message to Congress at the opening of the special session he registered his disapproval of the principle involved in this plan and likewise made known his opposition to all three plans—the equalization fee, the debenture, as well as the allotment plan. But now while we are considering the emergency bill introduced and sponsored by the distinguished gentleman from Illinois [Mr. RAINEY], our majority leader, we are given to understand that this measure does not meet with presidential favor. The President's plan for the relief of agriculture, as indicated by the record, is the Federal Farm Board, which was passed in the very first session of Congress which assembled after his inauguration as President of the United States. This measure met with his approval. It was referred to as his handiwork, and its contribution to the relief of the stricken agriculturist of the country is too well known for comment at this time. Its passage was for the purpose of placing agriculture on a basis of economic equality, but by its record it has failed utterly. It was not wanted by the farmers at that time and it is not wanted by the farmers to-day.

The National Grange, the American Farm Bureau Federation, and the National Farmers' Union, three representative and nationally known farm organizations, favor what is known as the 3-ply bill, a permissive measure which under certain conditions and regulations authorizes the application of the principle of the equalization fee, the debenture plan, and the allotment plan. Either all three of these plans or any one of them may be considered and put into operation as the conditions and the emergency require. It is a well-established fact that the President is opposed to the 3-ply bill. The Senate has already gone on record in opposition to this measure, and therefore under the circumstances it seems to me that the solution of the farm problem, like the solution of the prohibition question and the economic question, must await the coming of a sympathetic Congress and a President who can work in harness and in harmony. This teamwork in Government has been sorely missed for the past 8 or 10 years, and the failure of the administration to place agriculture on a reasonably sound basis has contributed in great measure to the widespread differences which exist in the legislative and executive branches of our Government. The Republican Party in the Senate and in the House have clashed violently over this question and from the record it may be assumed that teamwork and harmony necessary to aid agriculture can not be restored by that party.

Agriculture, a basic industry, demands the attention and the consideration of the Congress and the Executive, because and until agriculture is restored we can not hope to enjoy permanent prosperity in the United States. The restoration of the prosperity of agricultural Iowa, for example, is of far more importance than the restoration of our foreign trade with India, for it contributes more to our economic prosperity than any trade or commerce we have had with that British possession. The same is true of other agricultural States in relation to our trade with European and Asiatic countries. When the 48 States of the Union are prosperous we consume over 92 per cent of our production. To make America and American industries, to make our own people and our own States prosperous, to restore trade, buying power, and employment opportunities is our first and all-important task, and this can be brought about when leadership is restored to the country whose policies will command the cooperation of the Government and the people. The elimination of the Farm Board and of unfair tariff discriminations would, in my judgment, prove helpful to agriculture. But if we continue to pursue our present policies, then compensating legislation becomes inevitable.

Mr. STAFFORD. Mr. Chairman, I yield the remainder of my time, which I believe is five minutes, to the gentleman from Virginia [Mr. LANKFORD].

Mr. LANKFORD of Virginia. Mr. Chairman, I believe a great deal of good has developed from this debate. I am very pleased that this very important subject has had these few minutes of consideration during the closing days of the session.

I think there is a good deal in the statement that this bill does not go far enough, that it is just a step in the right direction, but we have been trying here during all the time we have been in session to suggest something that would relieve the unemployment that exists in this country. I am frank to say to you, my friends, I do not believe we have done it. There are still millions of unemployed in the country, and we have not been able to help them as much as we would like.

I believe there are two ways by which we could help this situation: First, to shorten the hours of work and shorten the work week; and, second, to get these men in the cities back on small farms, just as this bill suggests.

I know it may sound foolish to you gentlemen who represent great farming areas where there are farms of 1,000 and 2,000 acres to talk about a 10 or 15 acre farm, but I was in Germany last summer and I saw thousands of these little farms of an acre or an acre and a half or 5 acres, with a man and his wife and four or five children living off of these farms. Of course, they say that this is peasant farming, and it is; but which is better—to let the men go back on small farms where they can at least raise a part of their living or let them remain in the cities starving or subject to the care and attention of the people of the community in which they live? They would not add appreciably to the surplus, as they would consume the greater part of what they would raise.

This bill does not go very far. It just takes a step in the right direction. I am in favor of going farther. Millions of men in the cities who are now idle came from the country, and they know how to make a living on the farm. They know how to raise a truck patch; and, if they do not, they have the Department of Agriculture, they have the county agents, and they have the men around them who can help them do it.

I submit there is a great deal of benefit to be obtained from the passage of this bill; and if we can encourage these thousands and millions of people in the city to go back on these farms and make a living, which I believe they can do during the summer, this will give us a chance to think about this matter, and then we can come back next winter with some definite and helpful plan. If necessary, we can enlist the aid of the Government and the States to get them back where they can be self-sustaining, where they can make a living, and where they can be independent, free American citizens. [Applause.]

Mr. STAFFORD. Mr. Chairman, I yield three minutes to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER. Mr. Chairman, this bill, as a relief measure, is comparable to the "bull" peddled on the floor of the House the other day by the two gentlemen from Kansas who are running for reelection.

It is a terrible situation when the House of Representatives, with all the misery and despair and unemployment existing throughout the land, in the closing days of the session—and I say "closing days" because the Democratic leadership of the House indicates it has practically finished its business and is ready to adjourn—we spend hours discussing an indefensible monstrosity such as this—a gesture, a promise.

Oh, my colleague from Wisconsin made his wonderful speech about the city unemployed milking the cow on the farm and raising crops if this bill passes. He well knows that in the State of Wisconsin the crops for this year have already been planted and many of them have been harvested. Where are you going to plant the seed this year? Out in the snow banks, where the snow in some parts of the country is 5 and 10 feet deep? Are you going to take these poor, unemployed city people, with their little children, and put them out on the farms where it is sometimes 22 degree below zero and where the snow is as high as 10 feet deep, and then

say that you are saving them, that you are saving the little children, and that they can milk the good old cow that some one is to give them. If a neighbor gives them a cow, as the chairman of the Labor Committee and my colleague from Wisconsin intimated, what are they going to feed it? Snow from some of the snow banks 5 or 6 or 10 feet deep? I am surprised that my colleague from Milwaukee took the floor to-day and made the speech he did in favor of this bill, which does not even provide for the cow, chickens, seeds, and so forth, which the proponents promise to those in the cities who are in the bread lines.

If the proposition of returning the people from the city to the farm is sound, then let us have the intestinal stamina now to make appropriations so that when they get on the farms the men, women, and children will not suffer and starve.

The passage of this bill in its present form and the bullfight debate on the floor of the House the other day will do more to bring the Congress of the United States into disrepute in these days of misery, distress, and despair than anything else. Instead of fiddling away the closing days of the session on this bill, why do not you Democrats, who control the House of Representatives, carry out your platform pledge and immediately modify the Volstead Act, and put hundreds of thousands of people to work throughout the country in the breweries, in the wineries, on the railroads, and in the coal mines, and so forth, and bring additional revenue into the badly battered Federal Treasury, and then, perhaps, you will have some money to take care of the suffering, unemployed veterans, who need their adjusted compensation and who made it possible for this Nation to be alive to-day. [Applause.]

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield one minute to the gentleman from New York [Mr. BLACK].

Mr. BLACK. I simply want to say to the gentleman from Wisconsin, who has been indulging the House day after day with "dumbagogic" statements that the bill is not a Democratic bill, that it came from Senator McNARY. [Applause.]

The CHAIRMAN. The Clerk will report the joint resolution.

The Clerk read the joint resolution, as follows:

Joint resolution to provide information and direction to individuals and agencies concerned with relieving unemployment through finding opportunities for subsistence in rural areas.

Whereas under present conditions temporary relief for some of the unemployed may be provided by aiding them to obtain a subsistence in rural areas; and

Whereas the indiscriminate settlement of such families on land is likely to subject them to difficulties and disappointments, as well as impose burdens and hardships on rural communities through increasing agricultural surpluses and necessitating more ample provision for schools, roads, health, and other facilities; and

Whereas the likelihood of such disappointments and hardships may be minimized by information and assistance from the Department of Agriculture and other departments and agencies of the Federal Government, cooperating with State and local authorities: Therefore be it

Resolved, etc., That the Secretary of Agriculture is hereby authorized and directed to make available the services of the Department of Agriculture, cooperating with the Department of Labor, the Department of the Interior, the Federal Farm Board, the Federal Farm Loan Board, the President's Committee on the Unemployed, and other departments and agencies of the Government, in providing information to the several States, municipalities, and other political subdivisions of the States, and to individuals as to suitable opportunities and methods of aiding the unemployed to obtain a livelihood in rural communities, and in coordinating activities of State and local agencies working to that end.

For the purpose of better carrying out the objects of this resolution the Secretary of Agriculture, with such assistance as may be supplied by other Federal and State departments and agencies, is authorized and directed to encourage the formation of State organizations representing rural and urban interests through which organizations the Secretary may effectively work in coordinating the activities of urban agencies for unemployment relief with those of rural agencies in position to supply necessary information and direction for settlement of the unemployed.

The Secretary shall encourage urban relief organizations directly or through the aforesaid State organizations to make careful selection of those families whose experience and resources, as supplemented by such relief funds as may be available, fit them for earning a livelihood in the country.

The Secretary shall ascertain directly or through State and local agencies the available opportunities in rural areas for obtaining

land and buildings suitable for occupancy by unemployed families, and the terms and conditions on which such land and buildings may be obtained.

The Secretary is also authorized and directed to cooperate with the aforementioned State and local agencies in formulating plans for placing unemployed on the land; and in making available the technical and extension facilities of the Department of Agriculture and of the State agricultural colleges and experiment stations in the selection of food crops and livestock for family use and for determining suitable facilities, methods, and practices.

The Secretary of Agriculture and such other Federal agencies as may cooperate with him are hereby authorized and directed—

(1) To carry out this resolution, as an emergency measure, with a view to placing unemployed persons in rural areas for obtaining a livelihood, but in such manner as will avoid so far as practicable expanding agricultural production.

(2) To discourage the transference of financial burdens in respect of unemployment relief from urban communities to rural communities.

(3) To prevent as far as possible the exploitation of the countryward movement.

Mr. CONNERY. Mr. Chairman, I move that the committee do now rise and report the joint resolution back to the House, with the recommendation that it do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. OLIVER of Alabama, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration House Joint Resolution 169, and had directed him to report the same back with the recommendation that it do pass.

Mr. CONNERY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time.

Mr. BRUMM. Mr. Speaker, I move to recommit the bill to the Committee on Labor.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BRUMM. I am.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BRUMM moves to recommit the bill to the Committee on Labor.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. BRUMM and Mr. SCHAFER) there were ayes 75 and noes 58.

Mr. STAFFORD and Mr. BLACK demanded tellers.

The SPEAKER. The question is on ordering tellers.

The question was taken; and 15 Members arose—not a sufficient number.

So the motion to recommit was agreed to.

THE RELIEF BILL

Mr. RAINEY. Mr. Speaker, I present a conference report on the bill H. R. 9642, the relief bill.

Mr. O'CONNOR. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?

Mr. O'CONNOR. I believe the Chair announced the last vote in error. I think the vote was 55 for the motion and 58 against.

The SPEAKER. The gentleman is mistaken. The Chair counted and announced 75 ayes and 58 noes.

Mr. CONNERY. Mr. Speaker, I was under the belief that the gentleman from New York did not ask for the yeas and nays, believing that the motion to recommit had failed. Is there any opportunity for me to ask for the yeas and nays?

The SPEAKER. The Chair does not see any opportunity at this time except by unanimous consent. We have taken up a conference report.

Mr. SNELL. Mr. Speaker, do I understand that the conference report is offered for printing in the RECORD or is it called up?

The SPEAKER. The gentleman from Illinois presents the report and calls it up for consideration.

Mr. SNELL. How does he get it before the House?

The SPEAKER. The Chair understands that the report states that the conferees have been unable to agree.

Mr. SNELL. A parliamentary inquiry.

The SPEAKER. This is the first experience the present occupant of the Chair has had in these matters. The Chair has taken the advice of the Parliamentarian, who has had some considerable experience concerning the rules of the House. The Chair thinks that where the conferees report that they have been unable to agree it is not necessary to act upon the conference report. The Chair is supported in that by a decision made by Mr. Speaker Reed, which may be found in Hinds' Precedents, Volume V, section 6562. Therefore, the Chair thinks that under these circumstances, where there is nothing in the conference report to agree to, the rule providing for printing in the RECORD would not apply and that the matter could be disposed of immediately after the reading of the report.

Mr. SNELL. I made the inquiry because I wanted to know.

The SPEAKER. The Chair is telling the gentleman.

Mr. SNELL. I know; but the Chair did not propose to tell me before, and I thought I had the right to make the inquiry.

The SPEAKER. The Chair did not deprive the gentleman of any right. He gave him the reason. The Clerk will read the conference report.

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. Do I understand the Chair to state there is no parliamentary way by which I can recur to that bill?

The SPEAKER. The gentleman from Massachusetts can move to reconsider, because no motion was made to reconsider and to lay that motion on the table.

Mr. CONNERY. Then I move to reconsider the vote by which the bill was recommitment.

The SPEAKER. Just one moment. We have other business now before the House. The Clerk will read the conference report.

The Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment, having met, after full and free conference, have been unable to agree.

J. W. COLLIER,
HENRY T. RAINEY,
R. L. DOUGHTON,
W. C. HAWLEY,
ALLEN T. TREADWAY,

Managers on the part of the House.

PETER NORBECK,
SMITH W. BROOKHART,
P. L. GOLDSBOROUGH,

Managers on the part of the Senate.

Mr. RAINEY. Mr. Speaker, I move that the House further insist upon its amendment to the Senate amendment numbered 1 and insist upon its disagreement to Senate amendment numbered 2, and upon that I move the previous question.

Mr. HAWLEY. May we know what these amendments are?

The SPEAKER. The Chair will state that this report is a complete disagreement between the Senate and the House on the relief bill.

Mr. HAWLEY. The gentleman moved to disagree to the two Senate amendments and we would like to know what they are.

The SPEAKER. The parliamentary situation is this. The Senate passed a House bill with two amendments. The House concurred in Senate amendment No. 1 with an amendment which substituted the provisions of the House relief bill in lieu of the Senate amendment; disagreed to Senate amendment No. 2 and asked a conference with the Senate on the disagreeing votes of the two Houses thereon.

Last night the Senate agreed to the conference asked by the House. The gentleman from Illinois [Mr. RAINY] has now submitted a conference report setting forth the fact that the conferees have been unable to agree. That report has just been read and the gentleman from Illinois now moves to further insist on the House amendment to Senate amendment No. 1 and to insist on its disagreement to Senate amendment No. 2.

The gentleman from Illinois has moved the previous question on his motion. It is a question of whether or not the House will insist upon its amendment to the Senate amendment. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Illinois to further insist on the House amendment to Senate amendment No. 1 and to insist on its disagreement to Senate amendment No. 2.

Mr. HAWLEY. On that I demand the yeas and nays.

Mr. MAPES. May I submit a parliamentary inquiry, Mr. Speaker?

The SPEAKER. Certainly.

Mr. MAPES. If this motion prevails are we in any different position from what we were before the conferees reported?

The SPEAKER. If the House insists upon its amendment to the Senate amendment, the matter will go back to the Senate for such action as they want to take on the House amendment. The House acted upon this yesterday, insisting on the House amendment and asking a conference.

Mr. MAPES. We are sending the bill back to the conferees in the same shape that it was in when we sent it back yesterday, are we not, by this action?

The SPEAKER. This motion, if agreed to, will send the bill back to the Senate and will give the Senate another opportunity to consider the House amendment.

Mr. MAPES. And with the previous question ordered there is no opportunity to offer an amendment to the motion of the gentleman from Illinois?

The SPEAKER. None whatever. The gentleman from Oregon demands the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 172, nays 150, answered "present" 2, not voting 106, as follows:

[Roll No. 120]

YEAS—172

Allgood	Dies	Kelly, Ill.	Patterson
Almon	Dieterich	Kemp	Person
Amie	Disney	Kennedy	Pettengill
Arnold	Dominick	Kerr	Polk
Auf der Heide	Doughton	Kleberg	Pou
Ayres	Douglas, Ariz.	Kniffin	Prall
Barton	Doxey	Kunz	Rainey
Black	Drewry	Kvale	Ramspeck
Bland	Driver	LaGuardia	Rankin
Bloom	Ellzey	Lambeth	Reilly
Boehne	Fiesinger	Lamneck	Rudd
Boileau	Fishburne	Lankford, Ga.	Sanders, Tex.
Briggs	Fitzpatrick	Larrabee	Schafer
Browning	Flannagan	Lea	Schneider
Bulwinkle	Gambrell	Lewis	Schuetz
Burch	Garrett	Lichtenwalner	Shannon
Byrns	Gavagan	Lindsay	Sinclair
Cannon	Goldsborough	Loneragan	Smith, Va.
Carden	Granfield	Lozier	Somers, N. Y.
Carley	Green	Ludlow	Spence
Cartwright	Gregory	McCormack	Steagall
Celler	Griffin	McDuffie	Stevenson
Chapman	Griswold	McFadden	Stewart
Chavez	Haines	Maas	Sullivan, N. Y.
Christgau	Hall, Miss.	Major	Summers, Tex.
Clark, N. C.	Hancock, N. C.	Maloney	Sutphin
Cochran, Mo.	Hare	Martin, Oreg.	Sweeney
Cole, Md.	Harlan	Mead	Tarver
Collier	Hart	Milligan	Taylor, Colo.
Collins	Hill, Wash.	Mobley	Tierney
Condon	Hornor	Montet	Underwood
Connery	Howard	Morehead	Vinson, Ky.
Cooper, Tenn.	Huddleston	Nelson, Mo.	Warren
Cox	Jacobson	Norton, Nebr.	Weaver
Cross	James	Norton, N. J.	West
Crosser	Jeffers	O'Connor	Whittington
Crowe	Johnson, Mo.	Oliver, Ala.	Williams, Mo.
Crump	Johnson, Okla.	Overton	Wilson
Cullen	Johnson, Tex.	Palmisano	Wingo
Delaney	Jones	Parker, Ga.	Withrow
DeRoven	Kading	Parsons	Wood, Ga.
Dickinson	Karch	Patman	Woodrum
Dickstein	Keller		Yon

NAYS—150

Adkins	Darrow	Hull, Morton D.	Rogers, Mass.
Aldrich	Davenport	Hull, William E.	Seger
Allen	Dowell	Jenkins	Seiberling
Andresen	Dyer	Johnson, S. Dak.	Selvig
Andrew, Mass.	Eaton, Colo.	Kahn	Shott
Andrews, N. Y.	Eaton, N. J.	Kelly, Pa.	Simmons
Bacharach	Englebright	Kinzer	Smith, Idaho
Bachmann	Erk	Kopp	Snell
Bacon	Estep	Kurtz	Snow
Barbour	Evans, Calif.	Lambertson	Stafford
Bolton	Fish	Lankford, Va.	Stalker
Bowman	Foss	Leavitt	Stokes
Britten	Free	Lehlbach	Strong, Kans.
Brumm	French	Loofbrow	Strong, Pa.
Buckbee	Garber	Luce	Stull
Burdick	Gibson	McClintock, Ohio	Summers, Wash.
Burness	Goss	McGugin	Swanson
Butler	Guyer	McLaughlin	Swing
Campbell, Pa.	Hadley	Magrady	Taber
Carter, Calif.	Hall, Ill.	Manlove	Temple
Cavicchia	Hall, N. Dak.	Mapes	Thurston
Chase	Hancock, N. Y.	Martin, Mass.	Timberlake
Chindblom	Hardy	Michener	Tinkham
Christopherson	Hartley	Millard	Treadway
Clague	Haugen	Moore, Ohio	Wason
Clarke, N. Y.	Hawley	Nelson, Me.	Watson
Cochran, Pa.	Hess	Niedringhaus	Welch
Cole, Iowa	Hoch	Nolan	White
Colton	Hogg, Ind.	Parker, N. Y.	Whitley
Connolly	Hogg, W. Va.	Perkins	Wigglesworth
Cooke	Holaday	Pittenger	Wolcott
Cooper, Ohio	Hollister	Pratt, Ruth	Wolfenden
Coyle	Holmes	Purnell	Wolverton
Crall	Hooper	Ramseyer	Woodruff
Crowther	Hope	Ransley	Wyant
Culkin	Hopkins	Reed, N. Y.	Yates
Curry	Horr	Rich	
Dallinger	Houston, Del.	Robinson	

ANSWERED "PRESENT"—2

Campbell, Iowa Gilchrist

NOT VOTING—106

Abernethy	Doutrich	Larsen	Romjue
Arentz	Drane	Linthicum	Sabath
Baldrige	Evans, Mont.	Lovette	Sanders, N. Y.
Bankhead	Fernandez	McClintic, Okla.	Sandlin
Beam	Finley	McKeown	Shallenberger
Beck	Frear	McLeod	Shreve
Beedy	Freeman	McMillan	Sirovich
Blanton	Fulbright	McReynolds	Smith, W. Va.
Bohn	Fuller	McSwain	Sparks
Boland	Fulmer	Mansfield	Sullivan, Pa.
Boylan	Gasque	May	Swank
Brand, Ga.	Gifford	Miller	Swick
Brand, Ohio	Gilbert	Mitchell	Taylor, Tenn.
Brunner	Gillen	Montague	Thatcher
Buchanan	Glover	Moore, Ky.	Thomason
Busby	Golder	Mouser	Tilson
Cable	Goodwin	Murphy	Tucker
Canfield	Greenwood	Nelson, Wis.	Turpin
Carter, Wyo.	Hastings	Oliver, N. Y.	Underhill
Cary	Hill, Ala.	Parks	Vinson, Ga.
Chipherfield	Igoe	Partridge	Weeks
Clancy	Johnson, Ill.	Peavey	Williams, Tex.
Corning	Johnson, Wash.	Pratt, Harcourt J.	Williamson
Crisp	Kendall	Ragon	Wood, Ind.
Davis	Ketcham	Rayburn	Wright
De Priest	Knutson	Reid, Ill.	
Douglass, Mass.	Lanham	Rogers, N. H.	

So the motion was agreed to.

The Clerk announced the following pairs:

Mr. Campbell of Iowa (for) with Mr. Chipherfield (against).
 Mr. Gilchrist (for) with Mr. Underhill (against).
 Mr. Sandlin (for) with Mr. Partridge (against).
 Mr. Hastings (for) with Mr. Thatcher (against).
 Mr. Davis (for) with Mr. Beck (against).
 Mr. Evans of Montana (for) with Mr. Reid of Illinois (against).
 Mr. Greenwood (for) with Mr. Cable (against).
 Mr. McClintic of Oklahoma (for) with Mr. Tilson (against).
 Mr. Boylan (for) with Mr. Shreve (against).
 Mr. Sirovich (for) with Mr. Bohn (against).
 Mr. Bankhead (for) with Mr. Freeman (against).
 Mr. Brunner (for) with Mr. Johnson of Illinois (against).
 Mr. McKeown (for) with Mr. Weeks (against).
 Mr. Oliver of New York (for) with Mr. Baldrige (against).
 Mr. Beam (for) with Mr. Clancy (against).
 Mr. Ragon (for) with Mr. Gifford (against).
 Mr. Sabath (for) with Mr. McLeod (against).
 Mr. Douglass of Massachusetts (for) with Mr. Wood of Indiana (against).
 Mr. Lanham (for) with Mr. Ketcham (against).
 Mr. Linthicum (for) with Mr. Johnson of Washington (against).
 Mr. McMillan (for) with Mr. Arentz (against).
 Mr. Blanton (for) with Mr. Beedy (against).
 Mr. McSwain (for) with Mr. Pratt (against).
 Mr. Gasque (for) with Mr. Murphy (against).
 Mr. Buchanan (for) with Mr. Sanders of New York (against).
 Mr. Busby (for) with Mr. Sparks (against).
 Mr. Parks (for) with Mr. Swick (against).
 Mr. Rayburn (for) with Mr. Carter of Wyoming (against).
 Mr. Hill of Alabama (for) with Mr. Mouser (against).
 Mr. Swank (for) with Mr. Kendall (against).

Mr. Boland (for) with Mr. Turpin (against).
 Mr. Canfield (for) with Mr. Douthich (against).
 Mr. Fernandez (for) with Mr. Finley (against).
 Mr. Rogers (for) with Mr. Brand of Ohio (against).
 Mr. Romjue (for) with Mr. Golder (against).
 Mr. Thomason (for) with Mr. Sullivan of Pennsylvania (against).
 Mr. Smith of West Virginia (for) with Mr. Williamson (against).
 Mr. Larsen (for) with Mr. Goodwin (against).
 Mr. McReynolds (for) with Mr. Knutson (against).
 Mr. Glover (for) with Mr. Lovette (against).

General pairs:

Mr. Corning with Mr. Nelson of Wisconsin.
 Mr. Mansfield with Mr. Taylor of Tennessee.
 Mr. Crisp with Mr. Peavey.
 Mr. Vinson of Georgia with Mr. Frear.
 Mr. Igoe with Mr. De Priest.

Mr. JOHNSON of Washington. Mr. Speaker, I was not in the Hall at the time my name was called. If I had been, I would have voted "no."

The SPEAKER. The gentleman does not qualify.

Mr. GILCHRIST. Mr. Speaker, I have a pair with the gentleman from Massachusetts, Mr. UNDERHILL. Therefore I withdraw my vote and answer "present."

Mr. GOSS. Mr. Speaker, my colleague the gentleman from Nebraska, Mr. BALDRIGE, is unavoidably absent and has instructed me to say that were he present he would vote "no."

Mr. CAMPBELL of Iowa. Mr. Speaker, I have a pair with the gentleman from Illinois, Mr. CHIPERFIELD. Therefore I withdraw my vote and answer "present."

Mr. POU. Mr. Speaker, I am requested by my colleague, the gentleman from Wisconsin, Mr. NELSON, to state that if present he would vote for the relief bill and also for the Norbeck emergency farm bill.

Mr. DIETERICH. Mr. Speaker, my colleague, the gentleman from Illinois, Mr. SABATH, has been called home on account of serious illness in his family. If present, he would vote "aye."

Mr. TEMPLE. Mr. Speaker, my colleague, the gentleman from Pennsylvania, Mr. TURPIN, is absent on account of illness. If present, he would vote "no."

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had ordered that the House of Representatives be requested to return to the Senate the bill (S. 4940) entitled "An act to provide temporary aid to agriculture for the relief of the existing national economic emergency."

PLACING OF UNEMPLOYED ON UNOCCUPIED LANDS

Mr. CONNERY. Mr. Speaker, I move to reconsider the vote on the motion to recommit the resolution, Senate Joint Resolution 169, and spread that on the Journal.

Mr. SCHAFER. Mr. Speaker, a point of order. The gentleman voted against the motion, and under the parliamentary situation and the rules of the House, the gentleman can not move to reconsider the vote.

The SPEAKER. The Chair has no knowledge of how any vote was cast. There was no roll call.

Mr. TABER. But should not the gentleman be required to state how he voted, when the question is raised, Mr. Speaker?

The SPEAKER. Well, it has not been customary in the House since the present occupant of the chair has been a Member of it.

Mr. TABER. I will state that I saw the gentleman from Massachusetts rise and vote that way.

Mr. JOHNSON of Texas. Mr. Speaker, I voted for the motion to recommit, and I make the motion to reconsider the vote by which the bill was recommitted, and spread that motion upon the Journal.

The SPEAKER. The gentleman from Texas, in order to avoid the technical question, moves to reconsider the vote by which the Senate joint resolution was recommitted. The motion will be spread upon the Journal.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 855. An act for the relief of William Ray Taplin; to the Committee on Claims.

S. 2349. An act for the relief of the First Camden National Bank & Trust Co., of Camden, N. J.; to the Committee on Claims.

S. 4024. An act authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge; to the Committee on Public Lands.

S. 4065. An act authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages; to the Committee on Agriculture.

S. 4270. An act for the relief of Commander Francis James Cleary, United States Navy; to the Committee on Naval Affairs.

S. 4694. An act to amend section 812 of the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

S. 4738. An act for the relief of Newport Contracting & Engineering Co.; to the Committee on Claims.

S. 4912. An act to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago's World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933, to the Committee on Patents.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 11732. An act to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes; and

H. R. 11897. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3276. An act to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926.

EXTENSION OF REMARKS

WHERE THE TAXPAYERS' MONEY GOES

Mr. SUTPHIN. Mr. Speaker, I wish to voice my vigorous protest against the extravagant and wasteful practices of our Federal Government. Every dollar spent by the Government represents the coiled sweat of labor, taken from the American public in the form of taxes. The American public are, therefore, entitled to a return in service of 100 cents on every dollar of tax money that is collected. Are they getting it? Let the record speak for itself:

FEDERAL GOVERNMENT COSTS INCREASE 6,600 PER CENT IN LAST 72 YEARS

Since 1860 the Republican Party has been in almost exclusive control of our National Government with only two brief exceptions. During those 72 years the costs of maintaining our Federal Government has increased from \$63,000,000 in 1860 to over \$4,000,000,000 per annum in 1932. During this same period the cost of government per person increased from \$2 in 1860 to \$38 in 1932, an increase of 1,900 per cent.

FEDERAL GOVERNMENT COSTS INCREASE 467 PER CENT IN LAST 20 YEARS

In 1911 our Government expenses were \$726,424,850, whereas they had grown to \$4,219,950,339 in 1931. This represents an increase of 467 per cent in 20 short years.

But the most remarkable feature of these past 20 years is the fact that while governmental costs were increasing 467 per cent our national wealth increased only 94 per cent, and our population only 34 per cent.

FEDERAL GOVERNMENT COSTS INCREASE \$650,000,000 UNDER COOLIDGE

During the six years of the Coolidge administration the American public were misled into the belief that the "efficiency and economy" which the Republican Party has been promising for half a century was actually being practiced. But while such economies as saving paper clips, tying broken rubber bands together, and writing on both sides of the

paper were being followed, Mr. Coolidge officially recommended, allowed, and approved increases in the expenses of our National Government of more than \$650,000,000.

FEDERAL GOVERNMENT COSTS INCREASE ALMOST \$3,000,000,000 UNDER
HOOVER

But the Hoover administration capped the climax of the wildest orgy of spending this Nation or the world has ever seen. The first year of his administration showed an increase of \$400,956,441 over Mr. Coolidge's last year, the second year showed an increase of \$367,464,556 over Mr. Coolidge's last year, the third year an increase of \$775,802,448.61, and the fourth year an increase of \$1,363,570,526.83, making a grand total increase of \$2,907,794,073.18.

EXTRAVAGANCE IN THE MIDST OF A DEPRESSION

During the Hoover administration, while the public at large was in the throes of the worst depression the country has ever seen, with poverty and unemployment prevalent on every side, and dispossessions, foreclosures, and tax sales the order of the day, the Federal Government at Washington was splurging and spending with a more reckless abandon than it had done even in boom times. Here is a bird's-eye view of the comparison in costs under Coolidge and Hoover:

Department	Coolidge, 1928	Hoover, 1932	Increase	Per cent increase
Department of Commerce	\$36,821,839.14	\$54,436,582.95	\$17,614,743.81	48
Department of Justice	26,432,106.66	51,489,201.00	25,057,094.34	95
Department of Labor	10,160,396.00	15,565,450.00	5,405,054.00	53
Navy Department	320,465,998.47	358,269,823.63	37,793,825.16	11
War Department	370,429,310.67	445,910,938.02	75,481,627.35	24
Independent offices	520,040,576.30	1,318,962,723.58	798,921,967.28	150
Legislative establishment	16,479,576.56	28,786,036.94	12,306,460.38	89
Department of Agriculture	156,429,535.94	289,925,550.95	133,496,015.01	74
Executive office	438,460.00	474,880.00	36,420.00	

SOME EXAMPLES OF "ECONOMY"

Let me cite a few illustrations of where the taxpayers' money is going:

First. Although the World War has been over 13 years, the Alien Property Custodian's Office is still flourishing with a personnel drawing good salaries.

Second. Although the World War has been over 13 years, the war-time United States Railway Administration is still functioning with offices and personnel absolutely oblivious of the fact that the war is over.

Third. Mr. Hoover, as Secretary of Commerce, secured the erection in Washington of a \$17,500,000 building to house his department with 40 acres of floor space, 1,600 telephones, massive bronze doors, and a private elevator for the Secretary. This building cost more than the entire Louisiana Purchase—or about one-third of the total area of the United States, and was erected on a site valued at \$30,000,000.

Fourth. A Memorial Bridge across the Potomac was built, with about 15 miles of highway, at a cost of \$20,000,000, estimated at about \$7 an inch.

Fifth. The Department of Agriculture Building was constructed at a cost of about \$12,000,000 and boasts of Corinthian columns of white marble, an inner court, a fountain, and "tavernine floors which will make even the clatter of hobnail boots sound like the soft tread of daintily slipped feet on velvet rugs."

Sixth. Embassies in foreign countries, to the tune of \$10,000,000, in one appropriation bill, have been built, and one in Berlin has been purchased at a cost of \$1,800,000.

Seventh. Five hundred million dollars of taxpayers' money has been dumped into the Farm Board to "stabilize" prices, which has failed to stabilize the price of a single commodity. Wheat, for instance, has dropped from \$1.60 to 25 cents under their "stabilization" efforts.

Eighth. The pay roll of the Federal Farm Board shows: 1 employee at \$20,000 per year, 7 at \$12,000, 1 at \$10,000, 1 at \$9,000, 1 at \$8,000, 2 at \$7,500, 6 at \$6,500, 6 at \$6,000, 10 at \$5,600, and so forth, to make a total of \$968,780 in salaries alone per year. These salaries are being paid in the name of the farmers who can not pay their taxes and whose products are selling below the cost of production.

In addition, the Farm Board is financing cooperative associations, some of whose so-called experts draw salaries and bonuses of \$50,000, and one as high as \$75,000 per year.

Ninth. The army of Federal officeholders has increased from 568,715 in Mr. Coolidge's time to 732,560 in Mr. Hoover's time, an increase of 163,745, or about 30 per cent.

Tenth. A bill was passed a year ago authorizing the demolition of four splendid buildings in Washington because their architecture does not harmonize with certain other buildings in their vicinity, and providing for their reconstruction along architectural lines which do harmonize. The buildings to be destroyed are in excellent condition, would last indefinitely, and represent millions of dollars of the taxpayers' money.

To the foregoing could be added numerous other instances of flagrant extravagance, such as the countless subsidies under which more millions are given away under a thinly disguised veil, but the ones I have cited are sufficient to illustrate my point.

THE TIME FOR RETRENCHMENT IS HERE

The time has come when the public is beginning to realize that they can not support their Government in the style to which it has become accustomed during these past three Republican administrations. I appeal for a return to the common sense, rigid economy, and homely frugality of the founders of our Republic, for the discharge of the army of tax-eating experts and high-salaried officials and jobholders, for the abolition of useless bureaus, boards, and commissions, for the total elimination of all functions of government not absolutely essential, and for a drastic reduction in all governmental expenditures during this period of economic distress.

THE ONLY CURE FOR HIGH TAXES

There is no magic panacea for the relief of our tax-burdened people except to reduce taxes, and taxes can only be reduced by reducing the cost of government.

That the Hoover administration can not be trusted to reduce the cost of government has been amply demonstrated. If the burdened taxpayers are to get relief, it must come through a Democratic administration. In the present Congress the Democratic Party, in control of the House of Representatives, has demonstrated not only its desire but its ability to rise to the emergency, for appropriations for the fiscal year made by the Democratic House are more than \$750,000,000 below those made for the fiscal year 1932 by the Republican Congress and approved by President Hoover. Moreover, the Democratic House actually reduced the 1932 appropriations by approximately \$325,000,000 under the sum that President Hoover himself and his Budget Bureau recommended be appropriated.

The people of my State are vitally interested in the problem of reducing Federal Government costs, for they should remember that for every dollar of Federal tax money expended in New Jersey by the Federal Government for road construction and all other purposes the New Jersey taxpayers pay approximately \$23 into the Federal Treasury.

THE VOLUNTARY DOMESTIC-ALLOTMENT PLAN OF FARM RELIEF

Mr. HOPE. Mr. Speaker, we are in a perplexing and sorrowful situation to-day. Farmers are producing more products of every sort than they can sell. We have railroads, ships, machinery, equipment of all sorts far in excess of what we are using. We have unemployed in our cities, and even encamped almost within the shadow of the Capitol, daily becoming more restive and more unhappy over the insufficient and unappetizing food, the tatters of clothing, the makeshift shelter, and the reproach of living on charity. We have farmers feverishly seeking to reduce costs and buying nothing so that their few dollars can cover even taxes and interest, and keep them from losing the savings of a lifetime, or accumulated from generations of hard work. Too many products, too much equipment, too many men! Surely something is wrong if we can not put land and labor and capital together to produce the necessities and even the luxuries of existence.

As is usual under such conditions, farmers are in the least protected position. The prices of the things they sell

have declined to 60 per cent below what they were when the depression began. In fact, prices of farm products are now only 56 per cent of what they were even before the war. The prices of things farmers buy have declined much more slowly, and are now 112 per cent of the pre-war average. Each wagonload of products that the farmer sells will buy only half as much of the things he buys as it would before the war.

More serious still is the fact that many of the farmer's costs—taxes, interest on his mortgage, freight rates—have not declined at all. In many communities farmers' cash income has declined so sharply that they are unable to meet even these fixed expenditures, and as a consequence are forced to lose their farms or make a settlement with their creditors.

Looking backward we can begin to see the developments that brought the present catastrophe about, developments from which farmers were already suffering before the greater disaster of 1929 added to their woes.

The war, which reduced farm production in Europe, had stimulated food production elsewhere—in Canada, in Argentina, in Australia, as well as in the United States. For a short time after the war heavy new loans and paper inflation blinded men's eyes; in 1920 they began to face the task of reconstruction, and a sharp depression occurred, a depression which now seems short.

After the war European countries turned to rebuilding their shattered agriculture. By 1925 they were generally back to pre-war output. Production elsewhere did not decline as that in Europe increased, however. Once range land is plowed for wheat or cotton it is difficult to get it back into grass again, and what was true of our Great Plains was true of the new producing regions in other countries as well.

The increasing world supplies of farm products held prices of farm products below the prices of other products. Most European countries did not permit this to affect their producers and reduce their production, however. Instead, they took special measures by protective tariffs, import quotas, milling restrictions, and the like, to maintain prices to their farmers. From 1925 to 1930 prices of wheat at Liverpool fell from over \$1.75 per bushel to 80 cents per bushel. In Italy, France, Germany, however, wheat prices were so maintained that they were kept up to about \$1.50 to \$1.75 during this whole period. Other countries took similar action, except England; and even England is now preparing to see that her wheat producers get about \$1.50 per bushel.

The protected maintained prices in Europe held down consumption and increased acreage. Even in 1931 there was a significant increase in European wheat acreage. The entire present world surplus of wheat would not have accumulated had European producers reduced their acreages in response to the low prices from 1927 on instead of increasing them.

Already in 1928 and 1929 the prices of wheat, cotton, and other farm commodities were low as a result of these accumulating surpluses. Manufacturers, however, had waxed rich on goods sold to Europe on credit. In 1929 our stock-market boom, built on these profits, collapsed, and carried farm and industrial prices alike down with it.

We used to be a debtor nation, owing money to Europe. We had to export a surplus of goods to settle our interest account. The war made us a creditor nation. Our high tariffs prevented Europe from paying us in goods; we made great loans abroad to enable Europe to continue buying from us. The stock-market boom and then the depression cut off new loans; we raised our tariffs still higher, making it still more difficult for Europe to sell to us. Farmers felt the full effect. Without the foreign exchange to buy our wheat, cotton, pork, tobacco, and hampered by exchange regulations imposed in desperate attempts to keep their countries from going bankrupt, our foreign customers had to almost entirely stop buying either farm or industrial products from us. Farmers suffered directly from the two-thirds fall in the prices of export products, and indirectly from the resulting near stoppage in domestic business activity, and in the resulting one-half fall in the price of domestic products.

The poor economic condition of farmers has given rise to a continuous crop of farm-relief proposals. The first

McNary-Haugen bill, in 1924, and the second, vetoed by President Coolidge, both attempted to raise the price of farm products in this country by dumping the surplus abroad. The export-debenture plan, more recently developed, would attempt the same thing through what is equivalent to a bounty on exports. None of these measures could work now, for practically every country has machinery developed and well oiled for slapping on new tariffs or other import restrictions on the slightest provocation; any outright attempt to dump our surplus products on world markets would lead to such a wave of foreign retaliation as shortly to completely nullify its effects.

In 1929 an agricultural marketing act was finally passed. In addition to the highly desirable support and encouragement this gave to cooperative marketing it directed the board to stabilize prices—by buying up the surpluses with Government money! Even though this was attempted only with wheat and cotton, the Farm Board found it impossible to stabilize these prices in the face of the world depression. Furthermore, it also found that even these low prices, plus well-intentioned but ineffective advice, could not check overproduction. Farmers continued to produce more than was consumed. In spite of two years of phenomenal drought, unsold surpluses continued to accumulate; and farmers, in their individual, uncoordinated production, were helpless to prevent it.

No one can question that our protective-tariff system has speeded the industrial development of the United States, has increased the number of workers in those plants and maintained their wages, and has enabled manufacturers to charge higher prices here than abroad and so has increased their profits and dividends. Similar beneficial results were secured in the case of some farm products. Sugar, wool, dairy products, mohair, beef cattle, flaxseed, all sold at prices above the world market, for a time at least; some of them are still selling above world prices.

On those farm products where we produced a surplus, however, the tariff could not be made effective. Wheat, cotton, hogs, tobacco, rice, all sold on a basis of world-market prices. As world economic conditions deteriorated, prices of these products shrank. In 1924 these export products yielded farmers over \$4,200,000,000 of income, 37 per cent of the total. By 1930 their value had shrunk to \$2,800,000,000, or 29 per cent of the total, and in 1931 to below \$2,000,000,000, and to only a little more than a quarter of all cash income of farmers. Yet the acreage of exportable crops had increased from 1924 to 1931. If we are to restore the farmer's purchasing power, we must give him the same protection on the domestic consumption of his exportable products that we have long given to all the products of industry, for modern, large-scale organization enables industry to profit from a tariff, whether part of the product is exported or not. In fact, the Edge Act definitely exempts exporting combinations from the antitrust laws.

Everyone who has given any serious thought whatever to our agricultural problem concedes that if agriculture is to be placed on a parity with other industries it must be brought within the protective system. Furthermore, that to do this effectively there must be some control of production. All of the various plans which have been proposed—equalization fee, export debenture, compulsory allotment—have been based on the idea of making the tariff at least partially effective. All of them carry an implied recognition that there must be some control of production. Yet none of them provides any method by which this control can be effectively brought about. That is undoubtedly one of the great weaknesses in all plans heretofore proposed.

This general recognition that the farmer must be brought under the protective system and that there must be some control of production has already been expressed by both political parties this year.

The Republican Party, in its 1932 platform, has definitely pledged farmers that it will take steps to make the tariff effective on their products in the following language:

The party pledges itself to make such revision of tariff schedules as economic changes require to maintain the parity of protection to agriculture with other industry.

The Republican Party has also pledged itself to help farmers in controlling production, the provision of the platform relating to this reading as follows:

The fundamental problem of American agriculture is the control of production to such volume as will balance supply with demand. In the solution of this problem the cooperative organization of farmers to plan production, and the tariff to hold the home market for American farmers are vital elements. A third element, equally as vital, is the control of the acreage of land under cultivation, as an aid to the efforts of the farmer to balance production.

We will support any plan which will help to balance production against demand and thereby raise agricultural prices, provided it is economically sound and administratively workable without burdensome bureaucracy.

The Democratic platform does not expressly cover this question, but Governor Roosevelt, in his speech of acceptance, made the following statement:

Why, the practical way to help the farmer is by an arrangement that will, in addition to lightening some of the impoverishing burdens from his back, do something toward the reduction of the surpluses of staple commodities that hang on the market. It should be our aim to add to the world prices of staple products the amount of a reasonable tariff protection, give agriculture the same protection that industry has to-day.

And in exchange for this immediately increased return I am sure that the farmers of this Nation would agree ultimately to such planning of their production as would reduce the surpluses and make it unnecessary in later years to depend on dumping those surpluses abroad in order to support domestic prices. That result has been accomplished in other nations; why not in America, too?

It is encouraging indeed to find that not only agricultural economists and farm leaders are in agreement on this question but that political leaders have fallen in line as well. With such a general recognition of the essential nature of the problem and the remedy, the practical question is, What plan, if any, can be worked out which will put those principles and policies into effect? Fortunately, there is such a plan already in existence. One which in every essential is in harmony with the policy stated in the Republican platform and by Governor Roosevelt. It is known as the voluntary domestic allotment plan.

This plan has been developed quietly by serious and non-political economic students of the farm problem. Originally proposed by the late Walter J. Spillman, formerly chief of the office of farm management of the United States Department of Agriculture, the plan has undergone successive modifications at the hands of John D. Black, professor of agricultural economics at the University of Minnesota and subsequently at Harvard, and of M. L. Wilson, head of the department of agricultural economics of the Montana State College, and by a committee with whom he has been working. It has attracted considerable support in the Northwest and has been indorsed by the Montana State Farm Bureau, but it has been so recently developed in its final form that it could not be discussed at the conventions of the national farm organizations held last fall and winter. I am informed, however, that its principles have been approved by farm leaders, cooperative associations, labor groups, and even business interests which are dependent upon the welfare of farmers.

I have been interested in the theory of this plan for several years, but it had not been worked out in practical legislative form until Professor Wilson and his committee gave it their study and attention. The plan in essentially its present form has been presented to the Committee on Agriculture of the House of Representatives, where it aroused great interest.

In my opinion, the outstanding advantages of the voluntary domestic-allotment plan are as follows:

First. Tariff protection is made effective on the domestic consumption of products of which there is an exportable surplus.

Second. Incomes of farmers are definitely increased, yet there is no stimulus to increased production.

Third. A definite method is provided for farmers to control production, and to reduce it where necessary, just as big corporations have always done.

Fourth. No export dumping is involved; hence there is no danger of reprisals or retaliation by foreign governments.

Fifth. No price fixing is involved, and there is no interference with present marketing agencies.

Sixth. Consumers are protected, since the special methods provided are not to be used to raise prices of any product above its pre-war purchasing power.

Seventh. There is no compulsion on any individual farmer to join in the plan; those who elect not to share in the benefits are free to produce as much as they please.

Eighth. No new Government appropriation is required, and there is no additional expense to the Treasury.

Ninth. There is no dictation from Washington; instead, administration is decentralized through State, county, and township committees, composed of local representatives.

In addition to these benefits, the plan provides a practical way by which a large volume of new credit would be put into the hands of farmers. This would not only make further seed loans and other special financing unnecessary but would tend to check deflation. Together with the public works, productive credit, and relief measures which have been suggested in other proposals, it should help to start an increase in credit in use throughout the country and to start the recovery from the long depression.

The several elements of the proposal may be briefly outlined as follows:

COMMODITIES TO WHICH APPLICABLE

The plan applies to those commodities in which there is an exportable surplus, i. e., a production in excess of domestic consumption, and in which prices are below cost of production. Wheat, cotton, tobacco, rice, and hogs are specifically included; other products may be included following recommendations from the Farm Board to Congress for approval of rates of levy for "tariff adjustment charges."

COLLECTION OF "TARIFF-ADJUSTMENT CHARGES"

The Farm Board is authorized to levy a "tariff-adjustment charge" upon each unit of each specified commodity processed, manufactured, or distributed for domestic consumption, to be collected by the Bureau of Internal Revenue from the processor, manufacturer, or distributor at some point in the marketing process to be designated by the board. The charges are not to exceed 42 cents per bushel on wheat, 5 cents per pound on cotton, 5 cents per pound on tobacco—or equivalent charges on finished products—one-half cent per pound on rough rice, or 2 cents per pound on live hogs. Portions of the commodity consumed by the producer or used for the production of articles for export are exempt from tax, and portions used for low-order domestic uses may be wholly or partially exempt. Funds so collected are to be paid into a special "domestic-allotment account" in the Treasury, and to be recorded separately for each commodity.

VOTING BY PRODUCERS

The Farm Board is authorized to conduct national votes of producers of each product, to determine (1) whether they wish the board to put the plan into operation for their product, (2) whether they are willing to cooperate with the board in putting it into effect, and (3) whether they wish the board to require producers who receive "tariff benefits" to reduce their acreage or production; and if so, by how large a percentage? Votes as to desired amount of reduction may be held each year.

PAYMENT OF "TARIFF BENEFITS" TO PRODUCERS

The funds derived from the tariff-adjustment charges on each commodity are made available for paying tariff benefits to the producers of that commodity. These benefits are to be paid to producers, at the rate of so much per bushel or per pound on the domestic allotment of each producer, according to the net yield of the tariff adjustment charge. The allotment of the domestic consumption to each producer for this purpose will be worked out by State, county, and township committees cooperating with the board, and will be based upon previous acreages and average yields.

ALLOTMENT CONTRACT WITH PRODUCERS

Allotments will be made only to those producers who in return will sign a contract not to increase acreage, or to reduce acreage if the board decides that a reduction is desir-

able, after considering both economic prospects and the vote of the producers of the product. It will not be a violation of the contract, however, for a farmer to increase his acreage if he arranges with some other farmer to reduce his acreage by an equal amount below the amount specified in his contract. However, the matter of reduction of acreage and amount of such reduction would be subject to a vote of the producers as described above.

The tariff benefits will be paid from the domestic-allotment account to individual producers in annual payments at the end of the marketing year through the State and county committees. On rented farms the checks will be drawn jointly to the owner and tenant. As soon as the allotment contracts are signed, banks and credit corporations can lend farmers up to 90 per cent of the probable amount of their benefit payments for the current crop year. The board will announce the probable payment to be made per bushel or pound to determine these loan values. Producers' notes secured by such contracts will be eligible for rediscount by Federal reserve banks.

FREEDOM OF INDIVIDUAL FARMERS

Each farmer has full liberty to decide whether he wishes to participate in the plan, regardless of whether he has voted or how he has voted. If he accepts the tariff-benefit payment, he agrees to control his production in accordance with the wishes of the majority of producers; if he would rather increase his production, he loses his right to share in the tariff-benefit payments.

READJUSTMENTS OF ALLOTMENTS

Whenever a farm is sold or rented to a new tenant, the allotment right goes with the land, rather than with the man. Once every five years, however, allotments will be re-determined on the basis of the past five years' acreage and production.

PUBLICITY OF ALLOTMENTS

In prorating the domestic allotments in any county to the farmers of that county, the county and township committees will be guided by sworn statements of individual farmers, made on their ballots and on additional reports. These individual reports will be published in full in the local papers, and any individual will be free to question the accuracy of any farmer's report. This "honor system" of reporting, with publication and investigation of informal complaints as a check, has worked well in local assessment in many counties, and will simplify the task of the local allotment committees.

UNCLAIMED BENEFITS

Allotment benefits which are not claimed by farmers who prefer not to sign the contracts will remain in the allotment fund until a reserve has been accumulated, and then will revert to the general receipts of the Treasury.

INDIVIDUAL FARM ILLUSTRATION

The way in which the plan would work may be illustrated in the case of an individual wheat grower whose 1932 crop is now in the ground. Take a man whose average acreage for the last five years has been 100 acres, and whose average yield was 20 bushels an acre. His base production would then be 2,000 bushels. If the domestic allotment to his county was equal to 75 per cent of the base production for all the farmers in that county, this farmer would then receive an allotment of 1,500 bushels as the amount upon which he would receive payment of tariff benefits. He would sign a contract with the county committee that he would not plant more than 100 acres the next year or that he would reduce his acreage—up to 10 per cent reduction—if a general reduction were decided upon. As soon as the contracts were signed he could take his copy to the bank and borrow up to 90 per cent of its probable value upon it, or about \$560. As soon as his 1932 crop was ripe he would harvest it and sell it in the usual way to his local elevator, receiving payment in full at the prevailing price, based upon the world market just as it is now. Then at the end of the season—about July, 1933—the local allotment committee would certify that he had kept his contract by not planting a larger acreage for harvest in 1933 than the 100 acres specified, and the farmer then would receive by a check the full payment

of his tariff benefits on the 1932 crop. If these came to 40 cents a bushel, that would be \$600 coming in at the end of the marketing year. If he had borrowed on his contract, the check would go first to the bank and he would receive the balance above the loan advance.

If a 5 per cent reduction in acreage had been decided upon for 1933, our farmer would be so notified by the local committee, and he would have to show them that he had planted no more than 95 acres for the new crop before his allotment would be paid.

Or, if with the 100-acre limit, our farmer wanted to grow 150 acres of wheat in 1933, he would have two alternatives: Either he could withdraw from the plan and lose his right to receive benefit payments for the year, or he could arrange with some other farmer to plant 50 acres less than the amount specified in this second farmer's contract and to transfer the right to plant the balance to the first farmer. In the latter case he would not lose his right to the benefit payment, since his action would not be increasing acreage above the total on which the board was planning.

Assuming that wheat sells at 40 cents a bushel at the farm in 1932, our farmer's income on a crop of 2,000 bushels would work out as follows:

Income without the plan in operation: 2,000 bushels at \$0.40	\$800
Income with the plan in operation:	
2,000 bushels at \$0.40	800
Tariff benefits on 1,500 bushels	600
Total wheat income	1,400

The amount of the benefit payment would be the same no matter whether the farmer had a crop failure or a bumper yield. If he had a bad year and produced only 800 bushels on his 100 acres, he would still get the benefit payment of 1,500 bushels, which would provide a form of crop insurance, while if he had a bumper crop and had 3,000 bushels to sell, the benefit payments would still be just the same, on 1,500 bushels.

Since wheat prices would still be left undisturbed at the world level, use of wheat for feeding chickens, hogs, and other livestock would not be interfered with. The surplus would not be increased as it would if wheat prices were raised too high for feed use, as they might be under some of the other plans which have been proposed.

On cotton, tobacco, and rice the plan would work much as has been outlined here for wheat, except that the domestic allotments on tobacco might be worked out separately on Burley, dark-fired, and so forth, so as to adjust the production of each to its own demand. When the plan was applied to hogs it might be necessary to control corn acreage as well as production or sales of hogs, so as to prevent the reduction in hog surpluses from leading to a new surplus of beef or lambs. Such questions would be worked out as the proposal was developed in operation.

PLAN MOST FEASIBLE YET PROPOSED

Taken as a whole, the plan has three parts: The collection of tariff-adjustment charges, the payment of tariff benefits to producers in proportion to their domestic allotments, and the control or reduction of production through the contracts with producers. It is the most comprehensive and most feasible plan which has yet been presented for improving the position of the farmer. It meets all the practical objections which have been made against former plans. It has won the approval of all groups—farmers, laborers, business men—as soon as it was explained to them. It secures the results aimed at by the other farm relief bills without the serious difficulties inherent in them.

BURDEN OF THE TARIFF-ADJUSTMENT CHARGE

The tariff-adjustment charges, collected from the processor or manufacturer, would mostly either be absorbed by them or by other concerns in the process of distribution or be passed on to the consumer. In some products, such as tobacco, where the cost of the raw material makes only an insignificant part of the retail price of the finished product and where manufacturers' profits have been large, the charge might be largely absorbed by the manufacturer with little difficulty. In other products most of the charge might

be passed on to the consumer; but the farmer now receives such a small part of the retail price that even if all the charge was passed on there would be little extra burden upon consumers. In the case of wheat, for example, the farmer is now receiving about three-fourths cent out of the 7-cent average retail price of a pound loaf; in cotton goods the cost of the raw material is only a small fraction of the retail price, perhaps only 5 to 10 per cent; in rice the farmer receives about 23 cents out of each dollar spent by the consumer; while with hogs the farmer receives about 25 cents from each dollar the consumer pays for pork and lard. Even if all the cost were passed on, an increase of 50 per cent in the returns to the producer would increase retail meat prices by not over 12½ per cent—and not all the cost would be passed on.

In some products, especially hogs, the higher retail price might have a slight tendency to reduce consumption and cause increased exports. Any harmful effects of this on world market prices would be prevented in either of two ways: (a) By reductions in production in the following year, which would compensate for the effect of the modest price advance on consumption; and (b) by minor stabilization purchases by the Farm Board, to be held off the market until those reductions in production had become effective. In this way the plan would absolutely prevent export dumping and the demoralized world prices and foreign retaliation which would go with dumping, and instead would help stabilize world markets as well as our own.

The stabilization operations which the Farm Board was directed to use by the agricultural marketing act were doomed to eventual failure, for that act did not provide any effective device for controlling production. This new plan provides the necessary arrangements by which production can be controlled. With definite ability to control subsequent production, the Farm Board could then safely go ahead and make minor stabilization purchases when needed in especial circumstances, knowing that production in subsequent years would be reduced to an extent that would enable the board to dispose of its purchases without loss. Even under conditions of continuously deteriorating world economic conditions, the course of our wheat prices for the 1931-32 crop season has shown that prices will not fail to stabilize when increases in supplies are checked. The slight improvement in the relative position of wheat is due largely to poor crop-growing conditions; under the proposed plan similar price improvements can be brought about through the deliberate control of production.

Under the plan as proposed there is little or no opportunity for the tariff-adjustment charge to be taken out of the producer instead of being paid by middlemen and consumers. The price paid to the producer remains the world-market price, just as it is now; the charge could be passed back to the producer only by beating down the world-market price. The provisions for controlling production and for minor stabilization purchases where temporarily necessary would effectively prevent this; the effect of the plan would be to give producers a pre-war purchasing power for that part of their production needed for the domestic market.

At the same time, the provision limiting the extent to which prices may be raised automatically prevents farmers from using this new power to extort an undue advantage from other groups. They may raise the prices of their products to a normal exchange relationship with other products, but no higher. Incidentally, it should be noted that this is granting farmers far less advantage than other groups have enjoyed in the past. Tariff measures or other devices to help particular groups have never carried any automatic provision to protect consumers from extortionate prices. This proposal will give farmers their fair income, but no more, which is all that any farmer has ever asked.

PROBABLE NET BENEFITS TO PRODUCERS

As has already been indicated, the payment of tariff benefits would be only a small part of the advantages to be derived from this plan; the control of production and the elimination of depressing surpluses would be even more

important in the long run. However, some idea of the immediate effect which the plan would have on farmers' incomes may be obtained by working out what the collections from the tariff adjustment charges would be. Since consumption of cotton, tobacco, and other products is now low because of the depression, these estimates have been prepared as maxima and minima; the former based on normal consumption and the latter upon consumption under the present depressed conditions. All these estimates are based upon the consumption on which tariff-adjustment charges would probably be paid, leaving out quantities used for seed, feed, home-farm consumption, and export, which would pay no charge.

Estimated tariff-benefit payments

To producers of—	Minimum	Maximum
	Million dollars	Million dollars
Wheat.....	180	200
Cotton.....	115	160
Tobacco.....	35	45
Rice.....	5	6
Hogs (and beef, through competition).....	300	400
Total.....	635	811

The producers of these five products received under \$2,000,000,000 from their 1931 production, and will receive still less in 1932 unless some aid is provided. It is evident that the immediate increased income which might be obtained for farmers through this plan would be of material assistance in helping them through the depression, and in improving as well the financial position of banks, insurance companies, local governments, local business men, and all those whose welfare is intimately tied up with the welfare of farmers. The provision for bank loans on allotment contracts would enable farmers to receive much of this increased income at once, long before most of the tariff-adjustment charges had been collected.

CONTROL OF PRODUCTION

The long-time advantages of this plan are even more important than the short-time advantages. The plan provides for the first time a definite method by which farmers can decide to restrict or to reduce production, and make that decision effective. Ordinarily, when farmers agree to reduce production, those who keep their word suffer from their smaller volume, whereas those who fail to reduce or who increase reap all the benefits. Under this plan that is no longer true; the men who control their production share in the tariff-benefit payments, while the men who increase production receive only the export price. The plan therefore provides an effective and yet a democratic method by which production can be reduced and agricultural surpluses can be controlled. Even if the plan did not provide any immediate cash benefits at all, this feature alone would improve the position of farmers in the long run.

There are over 6,000,000 farmers; their lack of any organization to plan production has resulted so far in ruthless competition among them, in overproduction, and in demoralized prices. This plan provides a means through which farmers can cooperate in planning production, just as they are already authorized to cooperate in marketing. It is not in any sense a socialistic step. The steel industry, the aluminum industry, the copper industry, and many others have long controlled their production through their large corporate organizations. The farmers alone have been unable to control their own operations. This plan provides a mechanism through which farmers can secure for themselves some of the same advantages which the planning and control of production have given to other producers under our present capitalistic institutions.

Compare the voluntary-allotment proposal with the other plans for farm relief which are before us. The export-debenture plan would create a pipe-line, of unknown dimensions, away from the United States Treasury; it might wipe out the entire income from import duties. The equalization-fee plan is similar in that it provides for dumping the surplus abroad. Our own tariff act has provisions di-

rected against export dumping on our shores by foreign countries; they would be equally swift to retaliate against such actions by us. Both plans would involve us in endless difficulties with foreign governments; and higher tariffs, import quotas, and milling restrictions would soon be so raised against us that our whole export market would be gone and no net gain would be left to farmers.

The voluntary-allotment plan differs from all others so far proposed, first, because it is self-supporting and requires no new funds from the Public Treasury. Second, it involves no export dumping and offers no reason for foreign countries to close world markets against us. Third, it does not involve price fixing but leaves our present markets free to function in both domestic and export trade. Finally, it provides a definite check on overproduction, and puts into the hands of farmers themselves a mechanism through which they can once more bring their production into sound economic adjustment with the demands of consumers.

In the discussion of the mechanics of this plan the Farm Board has been considered as the administrative agency. As a matter of fact, very little centralized administration will be necessary. Should the Farm Board be abolished, the plan could very readily be administered by the Department of Agriculture or a board composed of three Cabinet officers.

Farm relief bills have been before this House for a dozen years. All of them had some merit; all had their defects. An agricultural marketing act was passed, with stabilization features which were impracticable, because it did not control production. Now, for the first time, a plan has been developed which is sound and well thought out; the problems which will arise in administration have been recognized and provided for; the shortcomings of the other proposals have been faced and conquered. It has all the advantages of the other plans and none of their weaknesses.

The provisions of this plan have been incorporated in the bill H. R. 12918, which I introduced on July 7; a modification of the plan is contained in H. R. 12919, introduced on the same day. It is to be regretted that the adjournment of Congress will prevent action on either of these measures at the present time. Never more than now have the distressed farmers of this country needed the benefits which will certainly flow from the enactment of this plan.

I realize that the present legislative situation prevents action at this time. It is my hope, however, that in the time intervening before the next session this plan will receive the careful study that it deserves from all who are interested in the permanent rehabilitation of agriculture and that when Congress convenes in December it may be speedily enacted into law.

THE DEVASTATING WORLD DEPRESSION AFFECTS GOVERNMENT FINANCES—REPUBLICAN LEADERSHIP AND ACCOMPLISHMENTS IN FINANCIAL MATTERS—THE FAILURE OF THE DEMOCRATIC HOUSE
THE DUTY OF CITIZENSHIP

Mr. WOOD of Indiana. Mr. Speaker, the prolongation of the business depression which for more than three years has continued to distress the entire civilized world has caused the people of all responsible nations to take an unusually active and vital interest in the issue of public expenditures and the cost of government of all kinds from the smallest local unit to the highest centralized authority. An intelligent consideration of the question with due attention to the facts and to the records of public men is needed in place of hysterical condemnation of those who are charged with the management of government simply because they now happen to have the responsibility of administering public office. More than ever the records of men and parties need to be studied with the sane purpose of selecting for public trust the party and men whose record and experience are such as to merit reposing in them the conduct of public matters during this critical stage of our national history. Such a discrimination is the first duty of good citizenship.

The record made by the Republican Party at this session in control of the Presidency and the Senate, compared with the efforts of the House of Representatives under control of the Democratic Party, presents a parallel which no thoughtful citizen can afford to ignore.

APPROPRIATIONS OF THIS SESSION

The total amount appropriated at this session of Congress, which convened in December last, comprises amounts both for completing the service of the fiscal year ending June 30, 1932, and for providing funds for the entire period of the fiscal year ending June 30, 1933. The total amount appropriated at this session is not the measure of the charge against the Treasury for any single year but should be considered and divided into the amounts that are assignable to the respective fiscal years for which appropriated.

The total amount for the session for both the fiscal years 1932 and 1933, together with scattered amounts for prior years and for judgments and claims, after excluding the postal revenues and the estimated savings under the economy act, is \$4,870,558,830.72, the approximate amount chargeable against ordinary revenues. This amount is distributable among fiscal years as follows:

Fiscal year 1933	\$3,886,192,479.24
Fiscal year 1932	977,035,786.11
Fiscal year 1931	713,591.57
Judgments and audited claims	6,616,973.80
	4,870,558,830.72

A table exhibiting the acts by which this total amount is granted will be appended to this statement as Table C.

The amount of \$977,035,786.11 appropriated at this session for the fiscal year 1932, when added to the amounts appropriated at the last session for that fiscal year, including the revised permanent appropriations, brings the total for 1932 up to \$5,026,046,098.18, the net appropriations for 1932 after excluding the portion of such appropriations chargeable to postal revenues.

The total appropriations at this session for the fiscal year 1933, after deducting therefrom the portion chargeable against the postal revenues and the estimated savings under the economy act, leave a net amount of \$3,886,192,479.24 as a charge against ordinary revenues, or a decrease under the total for the fiscal year 1932 of \$1,139,853,618.94.

The totals for the fiscal years 1932 and 1933 in comparative form will be found in Table A.

DECREASE OF 1933 UNDER 1932

The net decrease of approximately \$1,140,000,000 in the appropriations for 1933 under those for 1932 involves several items of unusual magnitude which are apart from the regular character of Government expenses, namely, \$100,000,000 for the final installment of the revolving fund for the Federal Farm Board, \$500,000,000 for the capital stock of the Reconstruction Finance Corporation, \$125,000,000 for the purchase of additional capital for the Federal land banks, and \$200,000,000 for the making of loans to veterans upon their adjusted-service certificates. These sums were all especially appropriated on account of the fiscal year 1932. Included in the appropriations for the fiscal year 1933 is the unusual sum of \$322,224,000 for public works contained in the emergency relief and construction act of 1932 and an increase of approximately \$120,000,000 in the funds for interest and retirement of the public debt. Apart from these extraordinary items in 1932 and 1933, there is a net decrease in all other appropriations, including the estimated saving of \$150,000,000 under the economy act, of slightly more than \$650,000,000.

The appropriation of \$3,886,000,000 for the fiscal year 1933 contains a special amount of \$322,224,000 for Government public-works projects under the emergency relief and construction act of 1932. This amount was included in spite of the objections of the President to its insertion. It was brought forward after the enactment of the new revenue law, was not considered or contemplated in the estimate of receipts in framing that act, and disturbs the careful planning for the balancing of the Budget. The President accepted it in securing the sound features of the relief legislation for which he had contended.

DECREASES IN BUDGET ESTIMATES

The Budget estimates submitted to Congress by the Executive during the session for the regular annual and deficiency bills have been reduced in the aggregate by \$184,294,094.18. The savings estimated to be accomplished by the economy

act through the impounding of appropriations and the economies to be effected in the appropriations already made total \$150,000,000. Add this sum to the foregoing reduction and there is a total reduction in Budget estimate figures of \$334,294,094.18.

Of the \$184,000,000 decrease in estimates of appropriations, the major reductions that are open to question as to their ultimate effectiveness are the sums of \$10,000,000 and \$9,000,000, respectively, cut from the amounts for Federal-aid highways in the first deficiency and agricultural appropriation bills and the reduction of \$50,000,000 in the item for the adjusted-service certificate fund under the Veterans' Administration for the making of loans to veterans on their certificates.

Since the establishment of the Budget system, 11 sets of estimates have been transmitted. Congress has effected a net reduction in each of these years, with the exception of one (1930), where there was a slight increase. The amounts of the reductions are as follows:

Fiscal year 1923 and prior years (67th Cong., 1st and 2d sess.)	\$312,361,792.27
Fiscal year 1924 and prior years (67th Cong., 3d and 4th sess.)	10,741,504.15
Fiscal year 1925 and prior years (68th Cong., 1st sess.)	9,024,637.08
Fiscal year 1926 and prior years (68th Cong., 2d sess.)	12,596,495.90
Fiscal year 1927 and prior years (69th Cong., 1st sess.)	6,716,064.34
Fiscal year 1928 and prior years (69th Cong., 2d sess.)	7,752,939.03
Fiscal year 1929 and prior years (70th Cong., 1st sess.)	9,139,989.51
Fiscal year 1930 and prior years (70th Cong., 2d sess.)	18,142,294.71
Fiscal year 1931 and prior years (71st Cong., 1st and 2d sess.)	25,155,353.30
Fiscal year 1932 and prior years (71st Cong., 3d sess.)	29,368,255.39
Fiscal year 1933 and prior years (72d Cong., 1st sess.)	*334,294,094.18

DEMOCRATIC RELIEF PROPOSALS

The Democratic House has on the one hand professed economy and on the other passed the authorization of enormous appropriations. The Garner public works relief bill contained items for public works on roads, rivers and harbors, flood control, and public buildings that would call for the direct expenditure of nearly \$1,200,000,000 on Government projects. The Patman bill for the immediate full cash payment of the adjusted-service certificates of World War veterans and the issuance of fiat money would have cost \$2,500,000,000. The bill for the payment of certain benefits to beneficiaries of World War veterans would have taken \$30,000,000 the first year, with an increasing cost in succeeding years. All of these bills passed the House but failed in the Senate. They total \$3,730,000,000.

The Garner relief bill has been characterized as a "pork-barrel" measure. Among other propositions, it contained authorizations for public buildings in towns with postal receipts as low as \$8,000 and \$10,000 a year, and in such villages proposed to erect Government structures costing as much as \$35,000 to \$50,000, exclusive of the site. This bill for \$1,200,000,000 upon public works during the next fiscal year, and a consequent increase of that amount in public expenditures, does not harmonize with the preconvention declaration of its sponsor that the cost of government of all kinds in the United States should be reduced at least one-third. It is also in conflict with the recent declaration of the Democratic platform demanding a drastic reduction in government expense and fixing 25 per cent as the measure of "drastic."

HOUSE EMASCULATION OF ECONOMY BILL

The economy bill, as reported to the House, carried provisions which would have resulted in savings approximating \$200,000,000 a year. Its carefully worked-out proposals were emasculated by the House until as passed it was estimated to save little more than \$40,000,000. The Senate repaired the destruction and rewrote the bill in such form

that as finally accepted by the House and signed by the President it is conservatively calculated to reduce expenses during the fiscal year 1933 in the amount of \$150,000,000.

SENATE REDUCTIONS IN SUPPLY BILLS

The total amount of the annual supply bills and the deficiency bills as they passed the House was \$3,315,412,410.40. As these bills passed the Senate, they aggregated \$3,292,907,536.20, a decrease by the Senate of \$22,504,874.20 under the total of the same bills as they had passed the House.

THE PRESIDENT'S PROGRAM FOR SOUND RELIEF

Contrasted to the wasteful Democratic relief proposals for the expenditure of vast amounts upon nonproductive Government public works, some of which are not needed at any time and the rest of which should be postponed until we can afford them, is the emergency bill insisted upon by President Hoover to confine relief to loans by the Reconstruction Finance Corporation. The bill as finally approved by the President is a constructive, businesslike measure, devoid of political "pork-barrel" projects. Its chief features are as follows:

First. Loans by the Reconstruction Finance Corporation to the States, not to exceed \$300,000,000 in all, for the relief of distress. The loans to be made only after a showing that other resources are inadequate to meet the relief needs.

Second. Loans by the Reconstruction Finance Corporation, not to exceed \$1,500,000,000 in the aggregate, for self-liquidating projects of a public character on terms which will provide for repayments of the loans.

Third. The broadening of the powers of the corporation in the character of loans it may make in order to assist agriculture.

Fourth. The inclusion of appropriations totaling \$322,224,000 for the prosecution out of the Federal Treasury of work on roads, rivers, harbors, and other Government construction heretofore approved by Congress. Aside from the sum of \$136,000,000 for roads and trails, the remainder of \$186,224,000 is not to be expended if the Secretary of the Treasury certifies that the money is not available and can not be obtained upon reasonable terms.

As a result of the determined opposition of the President and the Senate to the extravagant and unsound relief proposals of the House the expenditures from ordinary receipts for relief purposes by this measure have been confined to the \$136,000,000 plus so much of the \$186,000,000 as money can be provided for instead of the \$1,200,000,000 of direct expenditures as proposed by the Garner bill.

Fortunately, this sum of \$322,224,000, with the exception of \$136,000,000 for the construction of Federal-aid and other roads and trails, contains a provision that it shall not be expended if the Secretary of the Treasury certifies that money is not available and can not be obtained upon reasonable terms. These Government projects should not be allowed to unbalance the Budget, and the insistence by the President that this appropriation should contain a saving clause to avoid borrowing money and incurring a deficit for public works which can well await more propitious times is but another evidence of his determination to avoid unsound methods in furnishing relief.

GOVERNMENT REORGANIZATION AUTHORITY

Great credit is due the President for the leadership he has exercised in the endeavors to decrease Federal expenditures, balance the Budget, and secure a sound relief proposal for the benefit of the country. Without his wise judgment and courage chaos would have reigned. From the beginning of the present session he has insisted upon reduced expenses, increased revenue to balance the Budget, sane relief measures devoid of "pork-barrel" projects, and the enactment of legislation giving him the authority to reorganize the executive departments and establishments with a view to eliminating duplication and overlapping and abolishing useless commissions and activities.

It is to be regretted that Congress did not respond earlier in the session to his request for this important reorganization authority. He had urged it countless times in his messages and otherwise. Only by the passage of the economy act on June 30, 1932, was the legislation finally given him

* Net increase.

* This sum includes \$150,000,000 estimated saving on account of the economy act.

to undertake the problem. It is an enormous and thankless task, but of great importance to the country. Powerful pressure will be exerted against certain of the consolidations and strong effort will be made to undertake some which should not be embarked upon. The long experience of President Hoover—first as a business man and relief executive, next as Cabinet officer, and finally as Chief Executive—splendidly equips him to carry out the greatest peace-time reorganization effort of any government.

THE NEW REVENUE LAW

His insistence upon an adequate revenue measure to balance the Budget and uphold public credit finally was sustained by the action of the Senate in shaping the bill to amend the failure of the House. The fiasco of House leadership on this important bill for raising revenue, the most sacred of all privileges and duties of the House, will long be a dark page in the annals of revenue legislation.

THE 1933 TOTAL SUBDIVIDED

The appropriations for the fiscal year 1933, as heretofore stated, amounted to \$3,886,000,000, and this sum includes the special appropriation for Government public-works projects in the emergency relief and construction act of 1932.

Many will desire to know how the total of \$3,886,000,000 for 1933 is apportioned. The following table shows in a general summary way the total by large groupings of items. Roughly, the sum of \$1,130,000,000 is for interest and public debt-retirement funds; \$1,000,000,000 for veterans, including trust funds; \$600,000,000 for the Army and Navy; \$322,000,000 is for Federal Government public works in the relief bill; and approximately \$1,000,000,000 is for all other expenses and activities of government:

Veterans of all wars.....	\$928,000,000
Interest on the public debt.....	640,000,000
Public debt-retirement funds.....	479,000,000
Postal deficit payable from the general fund (estimated).....	81,000,000
Navy.....	319,000,000
Army.....	289,000,000
Federal-aid roads and trails.....	109,000,000
Public-buildings construction.....	108,000,000
Rivers and harbors, flood control, Panama and other canals.....	112,000,000
Trust funds.....	118,000,000
Emergency relief and construction act of 1932 for Federal Government construction on roads, rivers and harbors, public buildings, etc., for relief of unemployment, etc.....	322,000,000
All other activities and expenses of government, including the 10 departments, the judiciary, and Congress.....	513,000,000
	4,036,000,000
Deduct estimated savings under the economy act to be distributed over the foregoing totals, which the provisions of such act will operate to reduce.....	150,000,000
Net for 1933.....	3,886,000,000

THE 25 PER CENT REDUCTION PLAN?

The pledge of the Democratic platform for a decrease of 25 per cent in Government expenditures means a cut of one-fourth in the total. There is nothing equivocal about the promise. It is clear and absolute. A decrease of 25 per cent in the total of \$3,886,000,000, which I have just set forth, would be approximately \$1,000,000,000. It will be interesting to learn from which items it is proposed to take this billion, particularly when over \$2,100,000,000 of the total is for public-debt items and veterans, \$600,000,000 for the Army and Navy, \$322,000,000 for special public-works relief, and \$1,000,000,000 for all else. The rash promises of the Democratic Party of the liberal reductions it will make are not in keeping with its economy record at this session.

THE FINANCIAL RECORD OF DEMOCRACY

The capacity of parties for government must not be gauged by promises alone. The record of management when in power is the better criterion in passing judgment. The Democratic Party was last in control on March 4, 1921. A Republican Congress had come into power in March 4, 1919, as a result of the elections of the fall of 1918. President Wilson called the new Congress into extra session in May, 1919. Upon assembling, it was confronted with the duty of

passing, before the commencement of the fiscal year on July 1, 1919, eight of the largest of the appropriation bills which the Democratic Congress had failed to enact into law before it went out of power. Those bills at the time of their failure were all pending in the Senate. The amounts carried in them at the time of their failure aggregated \$3,768,000,000. The total of the same eight bills after their repassage was \$2,828,000,000. The first legislative action of the new Congress resulted in the passage of these bills and the decrease of the appropriations proposed by the Democratic Congress for the fiscal year 1920 by \$940,000,000. The estimates for the fiscal years ending June 30, 1921, and June 30, 1922, respectively, and deficiency estimates for prior years, were prepared by the Wilson administration and submitted to the Republican Congress. They were predicated upon that same basis of extravagant administration which had characterized the conduct of the administration even during the war period. The reductions made by the Congress in these estimates aggregated slightly more than \$2,950,000,000. The total reductions which the Republican Congress effected in the amounts proposed to it by the Democratic administration for the fiscal years 1920, 1921, and 1922 reach \$3,890,000,000.

Surely the American people have not forgotten this record of the Democratic Party when last in power. Its action in the House at this session on fiscal measures is but a continuance of the incapacity exhibited during its previous incumbencies in political control.

THE REPUBLICAN PARTY'S RECORD

President Harding took office on March 4, 1921, and the Republican Party, under Presidents Harding, Coolidge, and Hoover, has been in constant control of all branches of the Government until the organization of the House of Representatives by the Democratic Party at this session.

The record of Government finances under the Republican Party from March 4, 1921, to June 30, 1930, the date upon which the disastrous effects of the world-wide depression seriously affected our public expenditures and revenues, is replete with achievement. Among the outstanding accomplishments are the following:

The establishment in 1921 of the Budget system for the orderly conduct of governmental finances.

Two successful revisions of the tariff for the protection of American labor and American industry and the raising of revenue.

Participation and leadership in international conferences for the limitation of armaments.

A decrease of more than \$10,000,000,000 in the public debt from its peak and of \$8,000,000,000 since the beginning of President Harding's administration, or an annual average of \$875,000,000.

A decrease in the annual interest charge on the public debt of over \$400,000,000.

Five reductions in taxation, with an aggregate decrease of \$2,000,000,000.

A total of Treasury surpluses in 10 successive fiscal years aggregating over three and a quarter billions of dollars.

The repeal of war-time appropriations totaling \$1,500,000,000.

WORLD DEPRESSION A FACTOR

The prolongation of the business depression and the paralysis of trade and commerce have caused disaster to the finances of the nations of the world. The falling off of public revenues and the necessity for added expenditures for relief purposes have made the task of statesmen difficult. Prudent nations, unlike prudent individuals, in prosperous periods do not set aside reserve funds for use in times of emergency, and consequently must resort to borrowing to meet current expenses when reverses overtake them. The United States in the fiscal years 1931 and 1932 has suffered respective deficits of \$902,000,000 and \$2,880,000,000, or a total of \$3,782,000,000. Our revenues during these fiscal years were as follows:

Fiscal year 1930.....	\$4,177,000,000
Fiscal year 1931.....	3,317,000,000
Fiscal year 1932.....	2,005,000,000

Adopting the revenues for the fiscal year ending June 30, 1930, as normal, or nearly so, it will be seen that the decrease in revenues of \$860,000,000 for 1931 under 1930 and \$2,172,000,000 for 1932 under 1930, respectively, approximate the deficits for the fiscal years 1931 and 1932 of \$902,000,000 and \$2,880,000,000.

During each of the fiscal years 1931 and 1932 it was necessary to make unusual expenditures for relief purposes with a view to increasing employment and aiding in recovery. Public-works expenditures in 1931 totaled \$575,000,000 and in 1932 they are estimated at \$700,000,000 compared with a total of \$410,000,000 in 1930 and \$356,000,000 in 1929.

The fiscal year 1932 has carried a heavy burden of direct Government expenditures for relief purposes. The total for all expenditures during that fiscal year is \$5,006,000,000. As compared to 1930 expenditures there are included in 1932 the following extraordinary items or extraordinary increases in items:

Increase for public works over 1930.....	\$290,000,000
Reconstruction Finance Corporation.....	500,000,000
Capital stock of Federal land banks.....	125,000,000
Increased postal deficit.....	112,000,000
Increase for adjusted-service certificate fund to meet loans to veterans.....	88,000,000

Total..... 1,115,000,000

With the elimination of these extraordinary expenses from the actual expenditures for 1932, the total for 1932 becomes more than \$100,000,000 less than the actual expenditures for the fiscal year 1930.

APPROPRIATIONS BACK TO LOW LEVELS

While it is not possible at this time to forecast the expenditures for the fiscal year 1933, some idea of comparison of that year with previous years may be obtained by examining the appropriations. The total of appropriations, after deducting the estimated postal revenue, is \$3,886,000,000. This sum includes the figure of \$322,000,000 contained in the emergency relief and construction act of 1932 as a pure emergency and relief matter decidedly peculiar to 1933. Deducting this amount from the total of \$3,886,000,000, there remains a net of appropriations for the fiscal year 1933 of \$3,564,000,000, as a charge against ordinary receipts. This figure will compare favorably with the lowest total of appropriations made for any fiscal year since the World War.

NATIONAL CREDIT PRESERVED

It is the duty of the executive and legislative branches of the Government to keep the Budget in a balanced condition. The national credit is exceedingly important at all times, but more particularly so in times of economic peril. No country can long have a sound credit basis which is continually borrowing to meet operating expenses, and the most salutary act of the present time is the insistence of the

President and the acquiescence of Congress in the effort of balancing receipts and expenditures.

By reducing 1933 appropriations to a low level, by increasing public revenues to avoid or minimize borrowing, and by extending relief to agricultural, commercial, financial, industrial, and public enterprise through the Reconstruction Finance Corporation on business principles the national credit will be preserved and improved and the basis established for a sound business recovery.

THE DEPRESSION WILL PASS

Too frequently in the political strife in which our country must necessarily indulge for the selection of public officials and the approval of policies economic conditions over which the Government and public officers have no control are likely to be urged as the determining factors rather than the more sane process of choosing men for their fitness for public office, their record in Government affairs, and their capacity and experience for the discharge of public duties in times of great stress and economic crises. Prejudice has no place in the decision of public questions and the choice of public servants. At this particular time in our national history, more even than in time of war, calm judgment and mature deliberation are required. The records of men and parties speak for themselves.

The Republican Party, under the banner of its previous leaders, has a history of capable management of government. Under President Hoover it has a definite program and a record of legislation for sound relief to assist our country back to the ways of prosperity and happiness. The United States is the least affected of all powerful nations by this economic holocaust. It will recover first, thanks to the forbearance and courage of its people and the wisdom of its leaders.

The year of 1932 is the two hundredth anniversary of the birth of George Washington. Through the sponsorship of the Government and its instrumentality, the George Washington Bicentennial Commission, the people of this great Nation are honoring the occasion and worshiping again at the shrine of patriotism of the Father of our Country. It is a refreshing and ennobling ceremony for our older citizens and an inspirational enthusiasm for the youth of the land. In this era of financial difficulty and physical and mental anguish for so many there is a large measure of individual and national courage to be obtained from the life and character of George Washington. From the hardships he endured and the courage and resourcefulness he exhibited in winning for us a national independence we will and must be invigorated to press forward to a new standard of national prosperity and spiritual life. This depression will end as surely as it came, and from its bitter experiences the American people will rise to greater heights.

TABLE A.—Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933

[Amounts for each of these years in regular annual appropriation acts, deficiency appropriation acts, special acts, and amounts estimated under permanent appropriations]

Department	Appropriations fiscal year 1932	Appropriations fiscal year 1933	Increase (+) or decrease (—) 1933 compared with 1932
Legislative branch:			
Regular annual.....	\$28,901,749.65	\$18,706,141.00	—\$10,195,608.65
Permanent and indefinite.....	234,005.00	109,800.00	—124,205.00
Total.....	29,135,754.65	18,815,941.00	—10,319,813.65
Executive offices and independent offices:			
Regular annual—			
Federal Farm Board.....	101,900,000.00	(1)	—101,900,000.00
Veterans' Administration.....	1,135,892,795.53	948,799,000.00	—187,093,795.53
Reconstruction Finance Corporation.....	500,000,000.00	—	—500,000,000.00
Executive and independent offices.....	85,494,708.05	33,747,041.00	—51,747,667.05
Permanent and indefinite.....	91,021,621.00	81,787,550.00	—9,234,071.00
Total.....	1,914,309,124.58	1,064,333,591.00	—849,975,533.58

¹ Reappropriation of \$800,000 for administrative expenses.

² Includes \$35,000,000 for United States Shipping Board construction loan fund.

TABLE A.—Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933—Continued

Department	Appropriations fiscal year 1932	Appropriations fiscal year 1933	Increase (+) or decrease (—) 1933 compared with 1932
Agriculture:			
Regular annual—			
Department proper.....	\$80,435,938.85	*\$66,766,665.00	—\$13,669,273.85
Roads, construction.....	187,500,000.00	108,905,000.00	—78,595,000.00
Farmers' seed, feed, etc., loans.....	22,000,000.00	—	—22,000,000.00
Permanent and indefinite.....	11,618,436.00	11,211,571.00	—406,865.00
Total.....	301,554,374.85	186,883,236.00	—114,671,138.85
Commerce, Department of:			
Regular annual.....	54,716,600.70	39,711,408.00	—15,005,192.70
Permanent and indefinite.....	3,000.00	3,000.00	—
Total.....	54,719,600.70	39,714,408.00	—15,005,192.70
Interior Department:			
Regular annual.....	70,030,575.53	52,689,374.35	—17,341,201.18
Permanent and indefinite.....	15,952,500.00	13,921,800.00	—2,030,700.00
Total.....	85,983,075.53	66,611,174.35	—19,371,901.18
Justice, Department of, and judiciary, regular annual only.....	51,469,855.81	45,996,000.00	—5,473,855.81
Labor:			
Regular annual.....	15,782,281.60	12,920,770.00	—2,861,511.60
Permanent and indefinite.....	9,000.00	4,000.00	—5,000.00
Total.....	15,791,281.60	12,924,770.00	—2,866,511.60
Navy:			
Regular annual.....	\$358,271,936.56	\$317,583,591.00	—\$40,688,345.56
Permanent and indefinite.....	1,839,470.00	1,322,550.00	—516,920.00
Total.....	360,111,406.56	318,906,141.00	—41,205,265.56
Post Office Department, payable from postal revenues:			
Regular annual.....	842,928,855.54	805,939,675.00	—36,989,180.54
Permanent annual.....	200,000.00	165,000.00	—35,000.00
Total.....	843,128,855.54	806,104,675.00	—37,024,180.54
State:			
Regular annual.....	18,809,942.54	13,663,792.89	—5,146,149.65
Permanent and indefinite.....	141,233.00	31,000.00	110,233.00
Total.....	18,951,175.54	13,694,792.89	—5,256,382.65
Treasury Department:			
Regular annual.....	261,819,265.98	250,308,158.00	—11,511,107.98
Capital stock of Federal land banks.....	125,000,000.00	—	—125,000,000.00
Permanent and indefinite—			
Interest on the public debt.....	605,000,000.00	640,000,000.00	+35,000,000.00
Public-debt retirement funds.....	411,946,300.00	496,803,478.00	+84,857,178.00
All other.....	25,875,084.00	24,719,439.00	—1,155,645.00
Total.....	1,429,640,649.98	1,411,831,075.00	—17,809,574.98
War Department:			
Military—			
Regular annual.....	338,948,617.32	289,500,024.00	—49,448,593.32
Permanent and indefinite.....	1,375,900.00	1,075,900.00	—300,000.00
Total, military.....	340,324,517.32	290,575,924.00	—49,748,593.32
Nonmilitary—			
Regular annual.....	111,074,770.00	106,578,489.00	—4,496,281.00
Permanent and indefinite.....	12,929,515.00	11,500,640.00	—1,428,875.00
Total, nonmilitary.....	124,004,285.00	118,079,129.00	—5,925,156.00
Total, War Department—			
Regular annual.....	450,023,387.32	396,078,513.00	—53,944,874.32
Damage claims.....	5,431.14	—	—5,431.14
Permanent and indefinite.....	14,305,415.00	12,576,540.00	—1,728,875.00
Total.....	464,334,233.46	408,655,053.00	—55,679,180.46

*Includes \$1,000,000 for Century of Progress Exposition.

TABLE A.—Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933—Continued

Department	Appropriations fiscal year 1932	Appropriations fiscal year 1933	Increase (+) or decrease (−) 1933 compared with 1932
District of Columbia:			
Regular annual.....	\$46,155,709.38	\$41,245,622.00	−\$4,910,087.38
Permanent and indefinite.....	3,261,000.00	3,252,000.00	−9,000.00
Total.....	49,416,709.38	44,497,622.00	−4,919,087.38
Grand total:			
Regular annual.....	4,437,139,034.18	3,153,060,751.24	−1,284,078,282.94
Permanent and indefinite.....	1,181,407,064.00	1,285,907,728.00	+104,500,664.00
Grand total, exclusive of emergency relief and construction act.....	5,618,546,098.18	4,438,968,479.24	−1,179,577,618.94
Emergency relief and construction act of 1932.....		322,224,000.00	+322,224,000.00
Grand total, including emergency relief and construction act.....	5,618,546,098.18	4,761,192,479.24	−857,353,618.94
Estimated postal revenues.....	592,500,000.00	725,000,000.00	+132,500,000.00
Grand total, less estimated postal revenues.....	5,026,046,098.18	4,036,192,479.24	−989,853,618.94
Estimated savings in appropriations for the fiscal year 1933 on account of the economy act.....		150,000,000.00	−150,000,000.00
Net total, after deducting savings on account of the economy act.....	5,026,046,098.18	\$3,886,192,479.24	−1,139,853,618.94

*Does not include amounts for expenses of gift of wheat and cotton relief agencies or the appropriation for the Federal Home Loan Bank Board.

TABLE C.—Recapitulation of appropriations by acts, irrespective of fiscal years, Seventy-second Congress, first session

Title of act	Amount
REGULAR ANNUAL ACTS, FISCAL YEAR 1933	
Agriculture.....	\$175,671,665.00
District of Columbia.....	41,245,622.00
Executive office and independent offices.....	982,446,041.00
Interior.....	45,533,672.30
Legislative establishment.....	18,673,991.00
Navy.....	317,583,591.00
State, Justice, Commerce, and Labor:	
State.....	\$13,663,792.89
Justice.....	45,996,000.00
Commerce.....	39,711,408.00
Labor.....	12,920,770.00
	112,291,970.89
Treasury and Post Office:	
Treasury.....	250,308,158.00
Post Office.....	805,939,675.00
	1,056,247,833.00
War:	
Military.....	289,500,024.00
Nonmilitary.....	106,578,489.00
	396,078,513.00
Total, regular annual acts.....	3,145,772,899.22
DEFICIENCY APPROPRIATION ACTS, FISCAL YEAR 1932 AND PRIOR YEARS	
First deficiency, 1932.....	126,250,333.89
Second deficiency, 1932.....	22,682,369.61
Total, deficiency appropriation acts, fiscal year 1932 and prior years.....	148,932,703.50
MISCELLANEOUS ACTS CARRYING APPROPRIATIONS, FISCAL YEARS 1932 AND 1933	
Veterans' Administration, adjusted-certificate fund, etc.....	203,925,000.00
Pensions.....	12,750,000.00
Emergency relief and construction act of 1932.....	322,224,000.00
Reconstruction Finance Corporation.....	500,000,000.00

TABLE C.—Recapitulation of appropriations by acts, irrespective of fiscal years, Seventy-second Congress, first session—Continued

Title of act	Amount
MISCELLANEOUS ACTS CARRYING APPROPRIATIONS, FISCAL YEARS 1932 AND 1933—continued	
Capital stock of Federal land banks.....	\$125,000,000.00
Miscellaneous.....	1,046,500.00
Total, miscellaneous acts.....	1,164,945,500.00
Total, regular annual, deficiency, and miscellaneous acts.....	4,459,651,102.72
PERMANENT AND INDEFINITES, FISCAL YEAR 1933	
Interest on public debt.....	640,000,000.00
Sinking fund and other debt-retirement funds.....	496,803,478.00
Ordinary permanents and indefinites.....	149,104,250.00
Total, permanents and indefinites.....	1,285,907,728.00
Grand total.....	5,745,558,830.72
Deduct:	
Estimated postal revenues, fiscal year 1933.....	\$725,000,000.00
Estimated savings on account of economy act for fiscal year 1933.....	150,000,000.00
	875,000,000.00
Net grand total.....	4,870,558,830.72
Classification of foregoing appropriations by fiscal years:	
1933.....	\$3,886,192,479.24
1932.....	977,035,786.11
1931 and prior years.....	713,591.57
Judgments and audited claims.....	6,616,973.80
Total.....	¹ 4,870,558,830.72

¹ Does not include any sum for private relief acts, for expenses of the gift of wheat and cotton through relief agencies, or the Federal Home Loan Bank Board.

ECONOMIC ISSUES

Mr. LANKFORD of Georgia. Mr. Speaker, I had hoped to attend a political gathering on next Saturday at Blackshear, Ga., in my district, hear some good speeches and attempt to make one, but now find I can not do so.

I shall not leave Washington while Congress is in session, and therefore will remain here next Saturday and deny myself the anticipated great pleasure of attending the Blackshear political rally; but will now, and in this manner, avail myself of the privilege of saying in part some of the things I had hoped to say to the good people of Pierce and adjoining counties.

Mr. Speaker, it is interesting to observe how the people of our country are being misled into believing that the real trouble to-day is not in overcentralization of financial and political power and the abuse of that power but is somewhere else. The most awful crime of all time, with the possible exception of the World War, is being committed; and the criminals, the big financial interests of the country, are directing the attention and gaze of the public away from their own guilt and upon those who in their innocence are some of the real victims of these world robbers.

The sad truth is that many men, in Congress and out of Congress, who are now seeking election to Congress have been misled and evidently do not know the real cause of the present depression, and hence do not have the remotest idea as to how our present problems should be solved.

CONGRESSIONAL PLATFORMS

I wish everybody would study the various relief proposals advanced by candidates for Congress; especially do I beg the people to diligently study their platforms.

CAREFULLY PREPARED

These political platforms are carefully prepared, represent months of deep study of these candidates, and in most cases are the result of much advice from scores of enthusiastic friends.

PLATFORMS HAVE MERIT

In most instances these platforms—of candidates for Congress especially—have the merit of being short, very simple, and fully approved by the thousands of candidates who have used almost the identical platforms in thousands of races since “the memory of man runneth not to the contrary.”

INTERESTING PLANKS

These planks are very interesting for many reasons. Some are interesting because it is much more difficult to get from them the real ideas of the candidate than it is to solve the most complex cross-word puzzle. Other planks of candidates who oppose those of us in Congress indorse our record here in the strongest terms and yet are so worded as to make the public believe that those of us in Congress voted and worked exactly the contrary to the course favored by the “outs” who are trying to get “in.” Then again, these planks are often interesting because they show just how misguided the candidate is, how mistaken he is about the real causes of our tragic trouble, and how his pet relief proposals would not aid but would only make the situation more calamitous.

OLD-MODEL PLATFORM

I have in my hand and wish to quote in whole—it is very short and simple—one of the very kind of platforms I have been discussing. It is clearly an old model and is only different in that it has just one new but very dangerous and defective tabulating attachment. Let us read the first declaration from this platform. It is as follows:

The most important issue before the people to-day is whether or not we will reduce the cost of government.

Sounds good but is very erroneous. There are hundreds of issues vastly more important than the one mentioned. Here are some of them: The farm-relief issue, the unemployment issue, the transportation issue, various phases of the labor issue, immigration issue, the Muscle Shoals issue, the foreign-debt cancellation issue, the banking issue, the currency issue, the tax issue, and on and on ad infinitum.

Clearly the most important economic issue to-day is that issue or those issues which if properly solved would bring back real prosperity. If cutting the cost of the National Government would bring back prosperity, it would be here now, for this has been done.

PRESENT CONGRESS VOTED SALARY CUTS

Let us read the next solemn declaration of this platform:

The present Congress, while maintaining their large salaries, voted additional taxes upon the people.

This is another good-sounding statement but has the evil of stating exactly the opposite of what happened in so far as large and even small salaries are concerned. They were all cut. My salary and all my allowances were cut, with me voting for the cuts. I will vote for additional cuts of the larger salaries. I will go as far as any sane Member of Congress in this respect. I also voted against the tax bill and each and every paragraph thereof, against which objection is also lodged in this declaration.

Now let us read the very next declaration, which is as follows:

The Budget should be balanced by cutting expenditures and not by increased taxation, and I favor a general reduction in salaries of Government officials, including Congressmen, abolition of all useless departments, commissions, and bureaus, and the strictest economy in all branches of the Government.

It was absolutely impossible to balance the Budget by cutting expenditures at this session of Congress after the foreign debt moratorium and Reconstruction Finance Corporation acts were jammed through over the bitter protest of many Members, including myself. The payment some time ago of part of the adjusted-service compensation of the World War veterans, which I supported and which was right, also helped very much to get the Budget out of balance.

With all these emergency expenditures, if salaries had been reduced by taking off more than half, the Budget, yet would not have been balanced without much more. Still I and many others fought and voted against the tax bill objected to in this platform because, speaking for myself, I believed that all these emergency expenditures should be handled by a bond issue such as was done during the World War. If bonds had been issued for these purposes and to pay the balance due the veterans of the World War much more money would have been put into circulation. This would have been a greater relief measure than anything passed at this session.

CUTTING SALARIES OF CONGRESSMEN

It is interesting to listen at candidates who are trying to defeat a Member of Congress, urge that Congressmen's salaries should be further cut even though we have cut them by our own votes and are willing to vote to cut them further, when some of those same candidates who seem so much wrought up over this matter are now holding office and drawing more per year for the service rendered than any Congressman draws and have never seriously asked that their salary be reduced. Some of the men now urging salary reductions for everybody else, never begged for reduction of salaries when they, on a fee basis as prosecuting attorney, took in more cash in four or five days than a Member of Congress gets in a whole month. Not one only but scores of lawyers now are urging the cut of salaries of not only Members of Congress but also the cut of all wages of Government employees down to the poorest woman who crawls on her knees and scrubs the floors of the Government offices; yet many of these same lawyers, as candidates for Congress, talk of their great love for the farmer and at the same time often collect attorney's fees from farmers and others in noncontested mortgage foreclosures, and so forth, running into thousands of dollars for only a few minutes' actual work. These friends of the farmers say nothing about cutting lawyers' fees.

GOVERNMENT EMPLOYEES ARE FOLKS

I know it is popular with some people to blame the panic on Government employees in Washington and say "the most important issue before the people to-day is whether or not we will reduce the cost of government" by cutting salaries

of Government employees "down to the most humble." State officials get their salaries out of State funds when the real, awful burden is most heavy.

I am not talking about salaries of Members of Congress now when I ask the question Who are the Government employees in Washington? They are boys and girls, men and women from Georgia and other States, and almost without exception they all are sending money back home to father and mother to feed them and the rest of the family, to help pay taxes, and to keep the old home from selling. Fifteen of these folks come from in and around Douglas. The same is true of practically all the rest of my district and of the whole country.

A splendid young man raised in Douglas and an excellent young lady who attended school in Douglas are each secretary of two Congressmen from two different States other than Georgia. I know of a most splendid young lady who came to Washington and secured a job with the Government; later she brought one of her brothers up here and got him a nice job. After awhile she brought another brother and his wife, but was unable to get them work and is paying their board and trying to get employment for them; all this time this young lady is sending all the money she can home to the old folks.

This young lady's people live within 3 miles of one of the candidates for Congress from my district who is urging a salary cut of such as she as a solution for the present economic ills of the country.

I am saying this much about this feature of this platform to show how erroneous is the idea that the question of cutting salaries of Government employees is "the most important issue before the people to-day." Cutting wages or cutting prices of farm products will not solve our troubles.

Just one more word about reductions of small salaries. Big business wants salaries reduced so it can get labor for less and buy farm products for less. Never in the history of any country has Government wages went down without all wages going down carrying with them the prices of farm products. So a fight to drive wages of labor down is a fight to drive down the prices of farm products.

THE FARMER AND EVERYBODY ELSE

Again and again in all these discussions we come from everybody else back to the farmer. He is the keynote to the whole situation. Now the farmer and everybody else who owes money made debts while everything we sell was high and money worth much less than now. Thus it is the farmer and everybody else owes money which they can never pay unless we can raise the price of what the people sell or make money in circulation more plentiful. I repeat, the farmer and everybody else must get more for what they sell, be that labor or farm products, if they are to pay out of debt; otherwise the result is inevitable; they must lose out or bankrupt out.

USELESS DEPARTMENTS, BUREAUS, AND COMMISSIONS

Everybody is against useless departments, bureaus, and commissions. The real controversy arises as to which are useless. I joined with those at this session who opposed useless activities of the Government, but even when we abolished one, over our protest, others that I thought either useless or vicious were created. Take the very platform I am now discussing; it cries out against bureaus, boards, and commissions, and yet the last plank in this very platform is in favor of the largest, most powerful, most dangerous bureau ever proposed by any candidate for any office. I will hurry through so as to give ample consideration to this last plank.

ECONOMY

Of course, this platform, as usual, pledges the candidate to economy. The last plank in the platform, as I will later show, illustrates the economy he has in mind.

PROHIBITION

The plank on prohibition is as follows:

I favor a referendum on the prohibition question. The question of repeal of the eighteenth amendment should be submitted to the voters, and their decision control.

I will have to hear the gentleman discuss this plank further before I know what he means. I want him to explain: Does he mean a referendum as now provided by the Constitution or does he mean a statutory referendum, if possible, to be set up in the future? Does he favor a nation-wide, state-wide, or only a district referendum to act in an advisory capacity to the Member of Congress? How does he expect to settle the controversy by a referendum? What plan does he have in mind to cause all the wets to become dry as soon as they lose or to make all the dries wet if and when the referendum goes against them?

The main value of this plank in so far as the candidate is concerned is that it enables him to confidentially tell the wets he is with them and quietly and very confidentially tell the dries he is with them.

SOLDIERS' BONUS

On the question of the soldiers' bonus this candidate says:

I favor immediate payment in cash of the balance due our soldiers on their adjusted-service certificates.

This is the most definite and correct statement yet contained in this platform. The candidate, though, overlooked stating the fact that I and many others have always urged the cash payment of this debt that is just, due, true, and unpaid.

FOREIGN WAR DEBTS

The next plank is as follows:

I am opposed to any moratorium or cancellation of foreign war debts.

For many years I have made one of the fights of my life against these cancellations.

TARIFF

Here is this candidate's plank on tariff:

I am opposed to the present tariff law, which has ruined our foreign trade. I favor a much lower tariff, generally, on manufactures and reciprocal trade agreements with foreign countries.

I am very proud of my record on tariff and approve this plank. I will discuss this plank under the candidate's plank touching farm relief, where tariff is again mentioned.

RAILROADS

The railroad plank is as follows:

I am for a square deal for our railroads, and all unfair competition to them should be impartially regulated.

The candidate is pleading for a square deal for the railroads. He need not be so solicitous about the big roads getting a square deal. The thing I fear is that the big lines will absorb or destroy all small lines, all bus lines, and then neither the laboring man, nor the farmer, nor the school children, nor the taxpayer, nor the public generally will get anything approaching a square deal. I discussed this subject at length in a written argument in favor of cheaper freight rates for the farmer, which I filed last summer with the Interstate Commerce Commission and later had printed in the CONGRESSIONAL RECORD. I will probably discuss it here again more fully in a few days but not now, as I just must hurry along, and after I discuss the so-called farm-relief plank, which is next, I shall deal at length with the last and most dangerous plank in this platform.

NEW FARM-RELIEF PLAN

This new plan consists of two sentences; in language, one long and one short; in new worth-while proposals, both very short.

SHORT FARM RELIEF PROPOSAL

The first sentence of the farm-relief plank of this candidate for Congress is as follows:

I have actively farmed for the past 10 years.

What difference does that make? Let us see. If this candidate is one of the farmers who planted only a small acreage of tobacco last year, had to borrow from the Government and over my bitter protest and in spite of my hard fight, had to agree to curtail his small crop in order to get money from the Government while his wealthy neighbors, not borrowing from the Government, were planting all they wished and even increasing their crops then he is in sympathy

with the poor, sorely oppressed farmer and understands the hard fight I have been making here to see that all farmers get a square deal regardless of whether they are rich or poor.

Now, on the other hand, if this candidate happens to be a lawyer, who has held office practically all his life and became rich out of fees, commissions, salaries, and profits made out of the suffering and agonies of others caused by prosecutions, mortgages, foreclosures, bank failures, and loss of all their earthly possessions, and if this candidate is now and has been planting large acreages of tobacco without any control, not because he needs the money but simply to get more money, even though his large acreage helps to break the price of his poor neighbors' tobacco whose acreage is forced down arbitrarily and viciously by the Department of Agriculture before the poor farmers can get money to plant any cotton or tobacco, then honestly I can not see where the farming activities of this or any similar candidate give him special qualifications to come to Congress and represent these poor farmers, their wives and children, whose very lives are being ground out by him and similar friends of the farmer. I am making no accusations but simply making suggestions to show that the fact a man is actively farming is no indication he is a good friend of the farmers as a whole. All depends on whether he is farming the fields or farming his fellow man.

For instance many men now are engaged in chain farming and make money out of foreclosures on homes, as this helps them get the farmers' land at a sacrifice. Does any one feel that one of these fellows would be a good Congressman to represent the farmers in a fight for better prices, to stop farm foreclosures, reestablish the small farmer and turn back the awful menace of chain farming?

MORE FARM-RELIEF IDEAS

The balance of the farm-relief plank is as follows:

I shall do my best for the farmers, and I believe farm conditions can be improved by enforcing and strengthening our antitrust laws so as to destroy the Tobacco Trust, which fixes the price of tobacco, and other like trusts by Government financing of farm mortgages at low interest, by placing a tariff on raw agricultural imports which compete with our agricultural products, and by repealing all of the unfair laws passed by present and past Congresses in the special interest of the financiers and manufacturers.

This is a conglomeration of the impossible, the impractical, and skeletons of past accomplishments. Many here, including myself, have done everything we could to strengthen antitrust laws, but in spite of all laws men will be dishonest, evade the laws, rob the public, and get away with it.

Every new candidate for Congress this summer will promise farm relief, to fight trusts, to repeal bad laws, and pass good ones, to cut salaries and increase appropriations.

Even the candidate who is running on this platform I am now discussing by his very next plank proposes to do more for the most dangerous of all monopolies or trusts than was ever done before, and is earnestly advocating the one piece of legislation that would complete the awful monopolistic power of the manufacturing and financial trusts of the country in their wild desire to dominate the whole Government and all the people of the whole country, regardless of consequences.

TOBACCO PRICE FIXING

The way to overcome price fixing by the trusts is to put the Lankford contract plan of farm relief into effect and enable the farmer to name the price of what he sells as fully as others name the price of what they sell to the farmer.

FARM MORTGAGES

The Government is now indirectly financing farm mortgages; making small seed, feed, and fertilizer loans; and an orgy of foreclosures are taking place and on every hand is farm wreckage and despair. A new order must be brought out of chaos. I shall not now discuss this matter further, but refer to my past, present, and future activities as shown by my efforts in public and private. I shall later discuss this subject further before I conclude these remarks.

FARM RELIEF TARIFF

Tariff on raw agricultural imports has been mentioned as a means of farm relief. If this would solve the farm problem, our farmers would be rolling in wealth, and my district would be a paradise on earth.

I have always gone the limit in supporting tariff on farm products. Ask anyone who, during my service in Congress, has kept up with tariff on products of my farmers. Ask that good friend of the farmers, Hon. H. H. Webb, of Hahira. I know he is a candidate for commissioner of agriculture—and he will make a good one if elected—but even if he and I are both candidates for office, we do not mind telling the truth on each other when it is good. When I first came to Congress I voted for the emergency tariff bill giving tariff protection to farm products of my district and Nation, when I was the only Member of Congress in my State or any bordering State to vote for it.

I voted for tariff on peanuts, cottonseed meal, long-staple cotton, turpentine, and so on when my Democratic colleagues criticized me and said I was going too far.

I wrote with my own right hand and had inserted in the last tariff bill—even though I opposed the bill as a whole—the first tariff duty ever written in this country on tar, pitch of wood, and other products distilled from stumps and pine wood of my district, thus protecting so far as tariff will protect, the people of my district who own cut-over lands or pine stumps of any kind. This protection is against the cheap labor of Lapland, Russia, and other countries of northern Europe in competition with the products of our people.

NOT AMPLE FARM RELIEF

The awful distressing fact is that neither tariff nor any one nor all of the so-called farm relief plans will put the farmer on a parity with other people unless we can help him name the price of what he sells as fully as other people name the price of what they sell to him. Again I say, I know of no better plan for this than the Lankford contract plan.

FEDERAL GUARANTY OF BANK DEPOSITS

Now for the last plank in this remarkable platform, which is as follows:

I favor the passage of a law whereby deposits in local banks will be guaranteed by the Government, so as to eliminate risk to the depositor.

I am very much in favor of some plan to guarantee bank deposits so as to eliminate risk to the depositor, but I feel that the burden of the guaranty should be on those who receive the benefit of the deposit or at least on those who are in the banking business.

BURDEN ON TAXPAYER

The plan proposed in the present platform of this candidate for Congress is the most extreme bank-insurance plan ever suggested. Let us see how it would work. The directors of a bank, president, and attorneys could have a glorious time voting each other large salaries, big attorneys' fees, unloading on the bank their unsecured worthless notes and sorry, run-down buildings at enormous profits to themselves; and when the bank broke, as it would, they would draw on the United States Government for enough to pay the depositors in full. Then the attorneys for the bank could get to be attorneys for the liquidating agents and get more big fees, and the officials could probably get jobs collecting notes and winding up the affairs of the bank.

If the attorneys and others could not collect the notes real soon, they could get an order and sell them and buy them in at a sacrifice for themselves and then make more profits. Of course, it would take a lot of money to pay all this for all banks that failed under this system, but the Government could and would be forced to squeeze taxes out of the poorest of the poor and everybody else to pay for the reckless extravagance and plunder of those to whom other people's money had been intrusted. Can anyone visualize how many more bank failures we would have had under this system than under present law, and can anyone even remotely estimate the enormous amount of taxes that would have been required to pay all these bank losses during the last few years?

If this insurance should be carried by the Government, why not let the Government carry \$25,000 insurance on every life to be paid to next of kin? Why not let the Government carry all hail insurance, all fire insurance, all accident and health insurance, and all other kind of insurance? If the Government is to insure the debts of the bank and bank officials to the depositors, why not insure all the notes and accounts of all the people of the whole Nation? Then everybody would have plenty of credit and plenty of money but neither credit nor money would have any value; we would have no Government, and all would be chaos.

But it may be suggested the banks would have to make the Government safe by some method. This could be done, of course, by the bank investing all its deposits in gold or Government bonds and leaving this with a margin on deposit with the United States Treasury Department, but how could any bank do this and do business? Better let the depositor buy Government bonds or invest in postal accounts in the beginning. Some one suggests that the Government should certainly insure the deposits of all national banks that it permits to transact business. Suppose this was done; then all State banks would be immediately blotted out of existence, for a bank not guaranteeing deposits could not operate where there are banks backed up by a Government guaranty of deposits. Also the Government would be forced to close all small national banks and appoint all officers for the large ones that do run. The result would be two or three chain banks operating out of Wall Street in partnership with the Government doing the banking business of the whole country.

This would be centralization of financial and political power absolutely run mad. Rather than have this we better have no government and simply start again to build. This would be hydrophobic bureaucracy on a nation-wide and world-wide wild rampage. The most powerful trust of all times would name all officials and dictate with an iron hand all laws, State and Federal. Liberty would have vanished and we would be a bedlam of slaves.

The fear of this thing led me on the floor of the House, in speaking of proposals to guarantee bank deposits on the 18th day of June last, to use language as follows:

I favor a system of insurance of bank deposits so worked out as to preserve and provide for the return of the small independent community bank with its local interest and official control, and I oppose any scheme by whatever name or for whatever alleged purpose which will bring about a complete centralization of all banking and bank control and bank ownership in two or three chain bank monopolies with headquarters in Wall Street, New York.

FAVOR GUARANTY OF DEPOSITS

I feel that a reasonable guaranty of deposits law would go far toward a solution of the present depression. I am very much in favor of it. We must be careful, though. There is always an effort to take advantage of a popular move and put on some bad provision which could never be enacted otherwise.

For instance, an effort is being made in all this kind of legislation to bring about a greater centralization of financial and political power, thereby increasing and making absolute the very power that caused all our present troubles and which is now preventing their proper solution.

I will gladly support any move to safeguard the depositors unless there is coupled with the proposition more evil for the depositors and others than there is good.

DIFFICULT TASK

Most, if not all, the deposit guaranty laws have failed. If the banks are taxed to create a guaranty fund, it has been found almost impossible to levy a tax big enough to raise enough funds to pay the losses without wrecking more banks than ever, and the scheme fails. I have already pointed out the evils of the Government assuming this risk. I would not want the people of my district—many of whom have no money in banks—taxed to pay for losses caused by wildcat banking in Chicago, New York, or Boston. Such a scheme is not sound from any standpoint.

DOUBLE-STOCK LIABILITY

The law putting double liability on stockholders for benefit of depositors is a form of deposit guaranty. It, though, does not at all protect the depositors.

Statistics show that less than one-sixth of this double liability is collected and that depositors actually get in cash only 5 cents on the dollar on their deposits in closed banks as the result of this double-stock liability.

Most of this amount is from widows, orphans, and the poorer stockholders, who are not lawyers or able to hire lawyers to avoid the liability. The officials when they see the storm coming in many cases avoid this liability by unloading their stock on some one else, probably a widow, orphan, or some poor person.

I am not personally criticizing any particular individual; I am talking about conditions and showing how difficult it is to work out a law for the average man which is not abused, to the injury of the very people we are trying to help.

A guaranty of bank deposits law, in order to be effective, bring back confidence, and protect the depositors, must encourage honest banking instead of putting a premium on wildcat, dishonest bank manipulations. The honest citizen should not be taxed more than he receives in return from his Government. Honest bankers should not be forced to pay an unreasonable assessment to take care of wild, crooked, dishonest officials. Millions of money can be saved to the depositors by a governmental agency, possibly cooperating with a similar State agency, empowered to conserve, collect, and properly disburse the assets of closed banks.

The small depositors should be paid at once if possible. Entirely too much money is paid out to attorneys and others after the bank closes and not enough goes to the depositors. All banks in order to become the beneficiaries of returned confidence could afford to pay a reasonable assessment or tax, to be matched by State and Federal funds to provide for a liquidation agency and funds to guarantee to the depositors honesty in banking both before and after the doors of the bank are closed.

I pledge myself to work for a safe, sane, effective method of making the deposits of our banks as secure as is humanly possible, commensurate with fair dealing of men with their fellow men, honest banking, and good government.

From every standpoint the proposal in this platform for the Federal Government to guarantee all bank deposits is one of the most powerful, dangerous, and far-reaching bureaucratic plans that ever came to my attention.

OTHER PLATFORMS

Of course there are thousands of proposals each campaign year, but the platform I have just quoted and discussed in full is typical of most that are abroad in the land at this time.

ERRONEOUS IDEAS

Many of the proposals in various platforms are based on mistaken ideas. For instance, I saw the other day where some one said there were as many negroes as white people employed in Government departments in Washington. This is not the case. There are many, many times more whites than negroes employed in the Government departments. No one has criticized the negro situation in Washington more than I have, but there is nothing gained by making the situation worse than it is.

I feel that during this awful time every campaign should be based on real issues, and before mentioning a few more minor issues or suggestions I will speak further about a suggestion I saw some time ago in reference to relieving unproductive property of all taxes.

The question of taxes is always most important. The only thing of more importance in a financial way to the workingman is employment and the wages or salary earned and received. The farmer is more interested in production and good prices for his products.

And yet burdensome taxes levied and collected out of proportion to the benefits received may financially wreck the man with even a good income. Therefore the subject of taxes is of greatest importance.

"The power to tax is the power to destroy." The power to tax has often been used to lessen or even destroy that which is not desirable. Light taxes or even no taxes should be imposed on those things essential to our national existence. A heavy tax is most essential to lessen or destroy a vicious system, which may undermine and even destroy our Government. To my mind there is very serious danger of consolidation under corporate ownership of large areas of land now being taken over by foreclosures and the installation of chain farming, to the destruction of the small individual home-owning farmer. This would entirely eliminate the small country home and all their influence for good.

The highest type of our citizenship would disappear, our institutions would be endangered, and our great principles of free government would perish from the earth. The American home and its sacred influence for good is the very bedrock of our national existence. Our homes must be preserved or all will be lost.

This is the very reason I am fighting for a tax exemption of property for home purposes and is the very reason I am fighting to stop mortgage foreclosures on homes and provide for the return of those already taken over and aid to the farmer and laborer to get sufficient pay for their labor to enable them to keep and own a home. This is the reason I am bitterly opposed to relieving from all taxes large areas of nonproductive lands. Let us relieve from taxes for home purposes the productive and nonproductive lands to a reasonable amount where the American family lives.

I realize that there is much merit in a plan to relieve lands from taxes where there is growing nonproductive timber and let the taxes, if any, be paid as to this property when the timber is used and brings revenue to the owner.

The thing I fear is any system to relieve nonproductive lands of taxes, which would encourage great corporations to buy up and hold in a nonproductive state or condition large areas of our land and pay no taxes, while our home owners are losing their homes by foreclosures and as the result of most vicious and burdensome taxes.

This kind of a tax scheme would force the small-home owner out of existence and make his property tax free as soon as it became nonproductive, owned by great corporate interests, and the old homestead became the habitat of bats and owls. I do not want this. I shudder at the idea. There is too much of it now. Let us relieve the little family homestead of all taxes—city, county, State, and Federal—and force large areas of land into the ownership of thousands, yea millions, of happy, contented families to bless and preserve our Nation.

If you want to relieve unemployment in the city, help me bring about the tax-exempt small home for the family. If you want real farm relief, do this: Stop mortgage foreclosures and help me work out a contract system of production, marketing, and price control. If you want a good banking system, not only work for good banking laws but also help me fill this country with happy, prosperous farmers with their families, and the merchants, bankers, and all will be prosperous again.

If you want to aid in a real movement back to the farm, help me put over my relief proposals and real success is assured. Let us do these things and the institutions of free government will remain, our great principles of liberty become permanent, our wonderful citizenry last forever, and this Government of the people, for the people, and by the people shall not perish from the earth.

They tell me that if the sun of the heavens was blotted out, in three days and nights the gloom of darkness and the awful chill of utter coldness would destroy every particle of life on earth. The home is the sun of our civilization. Without the home there would be no sunshine of love and patriotism, and the government of men could not withstand the darkness and chill of selfishness and hatred that would envelop the earth.

Our forefathers came to this continent in search of homes. Our every conflict has been waged for homes and those who live in homes.

The depression is destroying our homes. We must fight as never before for our homes.

I can do anything else in my campaign for Congress with less embarrassment than answer the inquiry "What has LANKFORD done?" If I name in detail only a few things I have done, my enemies say I am boasting; if I name none, they say I admit doing nothing. So either answer is criticized. Then, again, it is impossible to give any sort of a detail report without writing volumes of books. So I shall now in a few sentences mention only a very few of the outstanding things I have materially helped in accomplishing:

(1) Wrote and secured adoption of Lankford lien amendment to Volstead Prohibition Act, which is approved by both wet and dry forces as best amendment proposed or adopted to this act and as saving many hundreds of millions of dollars for innocent owners of automobiles and other carrier vehicles.

(2) Author of and secured adoption of Lankford amendment to War Finance Corporation act making available for discount with this financial agency hundreds upon top of hundreds of millions of dollars' worth of notes, mortgages, and other paper, thus protecting farmers, supply men, small business concerns, and banks in a way never before done and not at all accomplished in recent Reconstruction Finance Corporation act.

(3) Fought to keep alive War Finance Corporation, with benign provisions for farmers under Lankford amendment, and used every possible effort to make recent Reconstruction Finance Corporation act as helpful to average citizen as was the War Finance Corporation act.

(4) Made speeches on floor of Congress against crookedness and corruption in Veterans' Bureau and Department of Justice long before these matters were generally discussed in Congress and before heads of this bureau and department were removed or convicted.

(5) Secured tariff on several farm products not heretofore included in tariff schedules.

(6) Together with Congressman W. W. LARSEN, worked out and wrote into the McNary-Haugen bill the provision keeping equalization fee in that bill from ever being levied on farmers' cotton at gin or while cotton is in ownership of farmer and providing equal protection to other farm products.

(7) Author of Lankford contract system for farm relief, admitted by many Cabinet members, Congressmen, and Senators as best farm-relief plan yet proposed.

(8) Suggested Lankford contract-relief plan to platform committee last Democratic convention and principle of plan is incorporated in national Democratic platform and specifically approved by Governor Roosevelt in his acceptance speech.

(9) Am leader of fight to stop present orgy of loan foreclosures and to return taken-over farms to original owners. Author of two bills and several amendments for these purposes.

(10) Opposed to the last limit foreign debt moratorium, Reconstruction Finance Corporation, and all similar legislative proposals.

(11) Author of Lankford proposed amendment to Federal Constitution to exempt from all taxes reasonable amount of property for home purposes.

(12) I favor and fight for all legislation in behalf of labor, the farmer, the veteran, and the independent private citizen.

(13) Helped secure much more money for Georgia than ever before for public roads, vocational education, river and harbor improvements, and other purposes, with Georgia all the while actually paying out in cash as taxes to Federal Government much less than Georgia gets back from the Government.

(14) Last summer I either saw personally or wrote every member and senator of State legislature and begged them to pass amendment to State constitution to let people in my State vote upon payment of poll tax only and not require for voting privilege payment of all taxes.

(15) Worked for and voted for distribution of flour through Red Cross. Introduced bill and helped secure

passage of law to distribute cotton and cotton goods to suffering through Red Cross, and introduced and am fighting for bill for Government to help farmers by buying farm products directly from the farmer for the starving veterans and others in Washington and elsewhere instead of paying enormous prices for this same food from speculators.

(16) Have never left Washington while Congress was in session except to attend funeral of Georgia colleague.

(17) Work from 12 to 15 hours a day on legislative and departmental work.

(18) Have attendance record excelled by none.

(19) Helped to work out and am largely responsible for actual physical detail survey for barge-canal purposes across south Georgia and north Florida, with work to begin at once and \$90,000 cash available.

(20) Have seniority and committee assignments, giving me close personal contact throughout country and Congress, which are most valuable and putting me in line when the Democrats come in next year to carry into effect many of the plans for which I have fought so long.

(21) Have handled thousands upon thousands of matters for people in all walks of life, and am anxious to render in the future the very best possible service.

(22) My office in Washington stays open the year round and is never closed to my people when they need help or are in Washington, and neither my eyes, ears, nor heart are ever anywhere closed to the needs or voice of the folks of my district, State, or Nation.

Mr. Speaker, it is a great pity that so many people seek the defeat of public officials by distorting, magnifying, and charging up to them trivial incidents for which they are not responsible and totally ignoring all the good that they ever accomplished.

Congressmen are criticized for using the franking privilege by county newspapers, when the free-in-county local paper provision of the postal laws caused a cash loss to the Government last year fifteen times as large as the franking privilege for all purposes, and the Government in handling all newspapers and periodicals last year lost in cash more than one hundred and eighty times as much as the franking privilege cost.

I saw in a newspaper the other day where it was said that the transportation cost of a speech franked out to a farmer was paid by the farmer. The fact is the farmer and the common people either directly or indirectly pay all or the larger part of all Government expenses, and therefore the farmer in my district helps pay the same amount for operating the Postal Service regardless of whether I send him a speech or not. The sending of one of my speeches to a voter does not cost him an extra one-thousandth of a cent. It cost him absolutely no additional amount.

Again this paper said the printing of extracts from the RECORD for distribution cost the Government a large amount. Well, this summer I intend to have hundreds of thousands of different pieces from the RECORD printed in my district paid for there, mailed under frank there, and delivered there, all nearly a thousand miles from Washington. I want my inquiring friends to ascertain who pays for this local printing, the amount extra the postmaster and his employees get for handling this mail, and how much the salary of the rural carriers is increased the day he carries my articles, and he will find that Uncle Sam did not pay a single extra red cent for or on account of this transaction.

The expense is running, and the only question is, Do I want my people to hear from me and am I willing to pay for them to get this information?

With the machinery already in operation and the entire cost already provided for me to advise my people of my record, I certainly would be subject to severe criticism if I refused to pay for the printing to advise my people concerning my stewardship as their servant. I am glad to do it. I wish I was able to pay for and send out much more. I wish my people could get a report from me every few days.

Some one the other day was criticizing Members of Congress because they have offices in a good building. Might

as well criticize the sheriff because he has an office in a brick courthouse.

It is even said Members of Congress get free barber service. Another mistake; there are barber shops in House Office Building patronized by everybody, where Representatives pay for service but can save time by the barber phoning them when ready for them instead of them going down town and spending much time waiting. The Government does not pay all hospital and doctor bills of Members of Congress and their families. I could have saved thousands of dollars if this had been true. Criticism has been made because the Government pays a small allowance on account of funeral of a Member of Congress. This is an old law passed years ago. I did not pass it and am glad, so far, I have never let the Government spend a cent of this fund on my account. I also sincerely promise my people that if they will reelect me I will faithfully, honestly, and to the best of my ability for the next two years continue to dodge automobiles, drink wholesome fresh water, and eat the kind of good food I used to get down home, when I can get it, and if at all possible save the Government and my friends all funeral expenses on my account. I also ask unanimous consent to then get as long an extension as possible from the cost of this unwelcome, inevitable, last earthly ceremony.

IMMATERIAL HINTS VERSUS WORLD-WIDE PROBLEMS

I am again mentioning a few of the many mistaken or trivial ideas about Members of Congress to emphasize that all these innumerable innuendos and insinuations which are now being spit on all Members of Congress, good and bad, are only so many grains of shifting sand and mist as compared to the mighty, towering mountains piled on tremendous ranges of mountains of vital, economic, nationwide, world-dominating, all-powerful problems which must be studied and solved if our people are to remain free and this Nation endure.

WHY THROW DIRT?

Why try to kick dust in the eyes of the people and prevent their seeing and knowing the truth? Why try to blind people to the real issues, on the proper solution of which hang the very liberty, fortunes, and lives of them and their children forever?

ON MY RECORD OR NOT AT ALL

I want to be reelected to Congress on my record and what I am fighting to accomplish or not at all. Please do not either elect or defeat me on the defects or mistakes of others, in or out of Congress. See if my heart is right with my people; see if I am working with all my might for the right; then see if my years of service better fits me to do what I am striving to do and then vote for the man whom you believe is able to and will render the best service to you, your wife and your children, and to your country.

ENDEAVORED TO RENDER BEST SERVICE

When I first came to Congress I got on available committees where I thought I could render the best service. Many years went by before I had sufficient seniority to get on the very largest committees.

ON IRRIGATION AND RECLAMATION COMMITTEE

The people of my section were much interested in drainage but no Member of Congress from the coastal plains of the Atlantic had ever taken enough interest in Federal drainage to get on this committee and stay there until he became chairman and was in position to do real things in the way of drainage for the swamp lands of East and South. I resolved to do this. Time went by and about three years ago I saw that if the Democrats organized the House I would reach my goal of chairmanship of this committee.

CHANGES CAME

My happiness soon was turned into sadness by the awful economic changes which convinced me that the demand for drainage was not so great and that the farmers were fighting to save their homes and even the lands which do not require drainage.

BILL TO SAVE HOMES OF FARMERS

I then passed the drainage idea by for the present but worked out a bill to stop mortgage foreclosures and return taken-over farm lands to the original owners or farmers and thus reclaim from the floods of unfair legislation and the desert of the depression the lands and homes of the farmers.

REFERRED TO MY COMMITTEE

Being a lawyer and knowing a little parliamentary law, I worded my bill so as to cause it to be referred to my committee, so I, when I became chairman, could speed up its enactment. I was more anxious than ever to be chairman.

DEATH OF CONGRESSMAN EDWARDS

My beloved colleague Congressman Edwards, serving on the Committee on Rivers and Harbors, had rendered most splendid service to my district and his untimely death forced me to decide whether I would keep my old committee assignments or give them up and go on the Rivers and Harbors Committee to make a more determined fight than ever before for a canal across south Georgia and north Florida and to represent Georgia and the Nation in river and harbor legislation. The House Committee on Rivers and Harbors was an exclusive committee and its members could not serve on any other committee.

HAD TO MAKE SACRIFICE

The fight was so determined over the construction of the canal and over the question of whether it should be located wholly in Florida or part in Florida and part in Georgia until I felt called upon to make whatever sacrifice might be necessary to go on this committee in behalf of the people of my State.

GAVE UP IMPORTANT CHAIRMANSHIP

I had nourished a lifelong ambition to be chairman of one of the important committees of Congress. It was now within my reach and carried about \$4,000 a year committee clerical appointments which I could give my friends. The temptation was strong, but I decided that it was my solemn duty to go on the Rivers and Harbors Committee, and acted accordingly.

AM HAPPY

I am glad I did this. I anticipated that one of my good friends, Mr. ALLGOOD, of Alabama, Mr. HALL, of Mississippi, would become chairman of the Committee on Irrigation and Reclamation. Mr. ALLGOOD took chairmanship of the Committee on War Claims, and Mr. HALL of Mississippi became chairman of the Committee on Irrigation and Reclamation.

RETAINED ALL COMMITTEE ASSIGNMENTS

I gave up the chairmanship, but for the first time arrangements were made for Members serving on Rivers and Harbors to stay on other committees. So I remained on my committees and have also been able to serve my district on the Rivers and Harbors Committee.

WILL BUILD CANAL THROUGH DISTRICT

I have every reason to confidently say that my seniority in Congress, my place on the Rivers and Harbors Committee, and my other committee assignments will enable me in the very near future to help bring about the construction of the canal connecting the intercoastal waterway of the Gulf with that of the Atlantic, and that it will be through the new eighth congressional district of Georgia.

HAVE BEST COMMITTEE ASSIGNMENTS FOR MY PEOPLE

I can do more for my people on my committees than on any others. I would not exchange with anybody. I can render the best service where I am.

WILL BE CHAIRMAN OF COMMITTEE ON PUBLIC LANDS

When the Democrats win this fall I will become chairman of the great Committee on Public Lands, dealing with these enormous properties of ours. From this vantage point I hope to be able to help our new Chief Executive, President Roosevelt, put into effect his ideas of reforestation of so much importance to my section of Georgia. Clinch county, where I was born, is the greatest turpentine timber section on earth, and as her native son, I am most

anxious as chairman of this great committee, to bring to the attention of the world as never before the merits of our timber products and help solve our many timber problems.

WILL BE VICE CHAIRMAN OF IRRIGATION AND RECLAMATION

I will at the same time be vice chairman of the Committee on Irrigation and Reclamation, where Chairman HALL and many other colleagues are helping me carry on the fight to pass my bill and stop loan foreclosures and undo so far as possible, the harm already done. I did my very best to pass this bill at this session but with President Hoover and his departments against us there was no way to bring it to a successful conclusion. I introduced the bill in several forms, offered it as an amendment wherever possible, held numerous conferences with department chiefs and leaders of both parties but was face to face with an unsurmountable wall of opposition.

Governor Roosevelt favors my idea of preventing mortgage foreclosures and returning farm lands to original owners. I believe we will pass it at the next Congress.

WONDERFUL OPPORTUNITY FOR WORK

I feel that I am on the eve of the greatest opportunity that ever came to anyone in my section to render real service to my people. Never were my people in greater need. With my human limitations and by the help of my people, I have given the most sympathetic study to their every problem, my seniority in Congress and on important committees gives me vantage points from which I can wage their battles as never before. I would feel that I was a traitor to my people and my Government if any amount of inducement under these circumstances at this time caused me to falter or voluntarily abandon these important undertakings which mean life or death for my people. The Democratic Party has indorsed many of my plans for aid to the farmer, the laborer, and the average citizen, the Democratic nominee for President, Governor Roosevelt, gives them his heartiest approval; I will not turn back, but go straight ahead to battle and to win.

Mr. Speaker, my people have suffered more than ever before. I have urged all these years that they were not getting a square deal. I have said that the proposed farm relief plans offered by others would fail. They have failed. I have been pleading for what I believed would solve the farmers' problems. The Democrats have not had full control of Congress for a single minute since I came to Congress.

It now looks like a new day and a "new deal" is at hand for my people and the Nation. I am confident of Democratic victory this year. My principles have been incorporated in the Democratic platform and were indorsed by Governor Roosevelt in his speech of acceptance. The first rays of Democratic victory are already in the eastern sky. The blessed sunshine of human rights will soon be shining. I am happy at the approaching chance to serve my people more fully than ever before.

When the Democrats come into power next year there will be great need for men who are familiar with the snares of those who are antagonistic to my people. There will be need for men true and tried, whose hearts are right, and whose experience here enables them to do the right thing at the right time for the right people. A new man, especially if he has had no legislative experience and is not a lawyer, for many years will do the wrong thing, even when he wants to do right. He is at the bottom of the smallest committees. He has to spend years of study before he is of much value to his district in small matters or of any value in the mighty problems. The young Member naturally seeks information from older Members, and thus, innocently on his part, he is too often misled by those who are the leaders for those who oppose my people.

We are opposed here by the best lawyers money can buy—lawyers in Congress and out of Congress—who study day and night to win for those who pay them tremendous fees.

I recently saw where a candidate for Congress said the farmers and common people needed in Congress less lawyers and more new Members of Congress. The big interests have,

and will have, in Congress and everywhere in and around Congress experienced, brainy lawyers with years and years of experience in congressional work. The powerful interests, with these lawyers, are happy every time the farmer, the laborer, or the common people lose from Congress a lawyer, a man of brains, or a man of congressional seniority. It matters not how honest the new Member may be.

The big interests spend millions of campaign funds every year to bring about a change in which experienced men opposing them are swapped for new men they can control, at least until they gain more experience. Next year there will be tried here legislative issues constituting the greatest legal battle ever waged on earth. The big interests will have on their side the best obtainable brainy legal talent with the greatest possible experience in legislative matters. On the other side will be the common people. Shall they, the common people, have new men with no legislative experience and little or no legal ability? Let us not handicap the new Democratic administration by giving it only little or no cooperation of men with every requirement of experienced, honest, fearless, able legislators.

Some one said recently in a campaign speech that there was need of more brains in Congress. There are plenty of brains here; in fact, there is too much on the wrong side. We need to keep the brains, talent, seniority, and legal training that are fighting for the right and add to it. When the big interests hire a man to represent them in shaping legislation here they invariably get a man who is loyal to them, a man of talent, generally a lawyer and always a man who has had long legislative experience in Congress. Why should not the common people have the same kind of representation.

Democratic victory is just ahead. Let us not fight over immaterial issues but, using our best judgment, fight the really big evils and victory will be ours.

The dawn of a new day is here. The sunshine will soon appear. The night has been filled with the darkness of the accumulated human wrongs of the centuries; the lightnings of a righteously indignant people, forked and terrific, have rent the awfulness and gloom of world-wide human suffering; the thunders of dissatisfaction, of complaints, of outraged and dying, suffering men, women, and children, and of the terrors of a threatened war of extinction of the race, have filled the earth and leaped to the heavens, pleading and praying for justice. The God of the storm and the sunshine, of wrong and of right, of darkness and light, who controls the day and the night, will hear his people. Justice will prevail; the darkness of error and crime will flee; the sunshine of justice will come again; the daylight of right and of liberty with all its effulgent glory will again bless all humanity everywhere.

"SEVEN ROADS TO RUIN"—DEMOCRACY CHARTS THE PATHWAYS WITH FANTASTIC LEGISLATIVE PROPOSALS

Mr. WOOD of Indiana. Mr. Speaker, President Hoover has given statement to the fundamental truth that "We can not squander ourselves into prosperity."

And yet this is precisely what the Democratic majority of the House of Representatives has persistently undertaken to do at this first session of the Seventy-second Congress. The Democratic majority has pursued this course in the face of repeated warnings of the President that the most rigid of economies were necessary because of vast shrinkages in Federal revenues from income and other tax sources.

It is little wonder then that enlightened members of this body as well as nonpartisan observers elsewhere have found occasion to express publicly their thanksgiving that a Republican President and a Republican Senate have throttled this Frankenstein legislation which the Democratic majority has presented to this House.

If a political party were to set out upon a deliberate policy designed to wreck the country, to reduce its people to poverty and despair, it could not do better than to emulate the Democratic leadership which in the brief span of seven months offered to America seven roads to ruin.

What is of vastly more importance is that the party which dedicated its best efforts toward plunging our common coun-

try into the abyss, through "pork-barrel" proposals, grotesque financial schemes involving the expenditure of colossal sums of money to be wrung from already overburdened taxpayers, now seeks the support of the electorate in extending its control to every branch of the Federal Government.

I desire to call attention briefly to the seven specific proposals which constitute the major portions of the program presented to this House by the responsible leaders of Democracy.

First. A bond issue to construct 2,300 unneeded post offices and to carry out other public works for the most part unnecessary even in the present or the long-view future.

Second. The issuance of \$2,500,000,000 of fiat currency to pay the soldiers' bonus; currency which might have been worth 50 cents on the dollar and which would have reduced the value of all existing currency and consequently all property values.

Third. Legislation to squander billions in the futile effort to peg commodity prices.

Fourth. The establishment of a gigantic Federal pawn-broking business through the proposal of Speaker GARNER to have the Reconstruction Finance Corporation provide loans to individuals, private corporations, partnerships, States, and municipalities on any conceivable security and for any conceivable purpose; a proposal which would have set up the greatest bureaucracy in all the history of all the governments of the world; a bureaucracy which would have held the power of life and death over industries and whole communities; a bureaucracy which would have cost the taxpayers of the United States untold billions; a bureaucracy which would have become a superpolitical power, greater even than the Government itself.

Fifth. A deliberate refusal to accomplish any appreciable lasting economies in the conduct of the costly Federal establishment by (1) refusing authority to the President to reorganize various divisions of Government machinery and (2) by reducing proposed governmental savings in the economy bill from \$200,000,000 to little more than \$40,000,000.

Sixth. Legislation to guarantee deposits in closed Federal reserve system member banks, irrespective of whether failures of such banks were due to inefficient management or sheer dishonesty of their officials.

Seventh. A proposal to embroil the United States in all of the trade wars of the world by inviting the nations to enter into a conference at which the purely domestic American policy of the tariff would be determined.

With the single exception of the tariff bill, these grotesque proposals for relief in this most serious period of the economic life of the Nation failed to draw specific indorsement in the platform adopted by the Democratic National Convention. But they were given blanket approval in the action of that convention in nominating by acclamation as its vice presidential candidate the one man who sponsored the most vicious of these proposals and whose acquiescence permitted passage by the House of all the others—Speaker JOHN N. GARNER.

Accepting his nomination by the convention as a 100 per cent approval of his course, the Speaker, in a series of addresses made during his journey back home to the plains of Texas, praised his own handiwork and asked for its approval by the electorate.

Had all of these schemes become law—as unquestionably they would have under an administration by present Democratic leadership—we would have violated the precept laid down by President Hoover that "We can not squander ourselves into prosperity."

Nay, more than that, we would have seen the public debt increased by from four to seven billions of dollars. The Nation, just now beginning to feel the effects of the staggering load of the billion dollar tax bill made necessary in the balancing of the Federal Budget, would have faced another vast increase in taxes, an increase which it would have been beyond the ability of the great masses to bear.

Fortunately for the Nation, the President was able through the exercise of great patience and rare courage to have written into law a relief program which entails no additional burden upon the taxpayer, preserves the integrity of the

dollar, and yet furnishes relief where relief is needed all along the line in industry, in commerce, in agriculture, in labor, and in the home.

I invite the American people to compare the unsound and unwise program of Democratic leadership with the far-seeing, constructive plan of President Hoover which now is enacted into law. It offers road to recovery just as surely as the Democratic leadership in this House offered seven short cuts to ruin.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 35 minutes p. m.) the House adjourned until to-morrow, Friday, July 15, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

634. Under clause 2 of Rule XXIV, a letter from the Secretary of War, transmitting a report dated July 13, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Latham Slough; Middle River; Turner Cut, from San Joaquin River to Whiskey Slough; and Whiskey Slough, from Turner Cut to Empire Cut, Calif., was taken from the Speaker's table and referred to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BYRNS: Committee on Appropriations. House Joint Resolution 473. A joint resolution to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932; without amendment (Rept. No. 1768). Referred to the Committee of the Whole House on the State of the Union.

Mr. BYRNS: Committee on Appropriations. House Joint Resolution 474. A joint resolution making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof; without amendment (Rept. No. 1769). Referred to the Committee of the Whole House on the state of the Union.

Mr. BYRNS: Committee on Appropriations. House Joint Resolution 475. A joint resolution making an appropriation for the payment of pages for the Senate and House of Representatives from July 16 to July 31, 1932; with amendment (Rept. No. 1770). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAINES: Committee on the Post Office and Post Roads. S. 83. An act to authorize the Postmaster General to investigate the conditions of the lease of the post-office garage in Boston, Mass., and to readjust the terms thereof; without amendment (Rept. No. 1773). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 1845. A bill to place William H. Clinton on the retired list of the Navy; with amendment (Rept. No. 1771). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 11223. A bill for the relief of Nicola Valerio; without amendment (Rept. No. 1772). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolution were introduced and severally referred as follows:

By Mr. GARBER: A bill (H. R. 12975) to amend section 20 of the interstate commerce act, as amended, for the pur-

pose of limiting the amount of compensation paid by common carriers by railroad which may be charged to operating expenses; to the Committee on Interstate and Foreign Commerce.

By Mr. BUTLER: A bill (H. R. 12976) authorizing the payment to the Snake or Piute Tribe of Indians of Oregon of damages for the restoration of certain lands to the public domain; to the Committee on Indian Affairs.

By Mr. LEA: A bill (H. R. 12977) to amend section 808 of Title VIII of the revenue act of 1926, as amended by section 443 of the revenue act of 1928; to the Committee on Ways and Means.

By Mr. CELLER: A bill (H. R. 12978) to provide for the immediate payment of the face value of their adjusted-service certificates to veterans who are unemployed and in need; to the Committee on Ways and Means.

Also, a bill (H. R. 12979) to provide for the payment to veterans of the present value of their adjusted-service certificates; to the Committee on Ways and Means.

By Mr. TINKHAM: Resolution (H. Res. 286) authorizing the Attorney General to investigate all the circumstances surrounding the alleged pool of 700,000 tons of sugar from the American market; to the Committee on the Judiciary.

By Mr. SIMMONS: Joint resolution (H. J. Res. 477) to amend the World War veterans' act, 1924; to the Committee on World War Veterans' Legislation.

By Mr. JOHNSON of South Dakota: Joint resolution (H. J. Res. 478) to amend the World War veterans' act, 1924; to the Committee on World War Veterans' Legislation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H. R. 12980) for the relief of William H. Holmes; to the Committee on Claims.

By Mr. BRUNNER: A bill (H. R. 12981) conferring jurisdiction upon the Court of Claims to hear and determine the claims of the International Arms & Fuze Co. (Inc.); to the Committee on War Claims.

By Mr. ENGLEBRIGHT: A bill (H. R. 12982) granting a pension to Caddie Knight; to the Committee on Pensions.

Also, a bill (H. R. 12983) granting a pension to Julie Allen; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H. R. 12984) granting a pension to Clarence E. Crane; to the Committee on Pensions.

By Mr. NELSON of Wisconsin: A bill (H. R. 12985) granting an increase of pension to Lucretia L. Gibbons; to the Committee on Invalid Pensions.

By Mr. PETTENGILL: A bill (H. R. 12986) granting a pension to Mike B. Kowalski; to the Committee on Pensions.

SENATE

FRIDAY, JULY 15, 1932

(Legislative day of Monday, July 11, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Vermont [Mr. Austin] that the Senate proceed to the consideration of House Joint Resolution 154, to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes.

Mr. HOWELL obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Bingham	Bulkeley	Connally
Austin	Black	Bulow	Costigan
Bailey	Blaine	Byrnes	Couzens
Barbour	Borah	Capper	Dale
Barkley	Brookhart	Cohen	Davis

Dickinson	Hebert	Moses	Smoot
Dill	Howell	Neely	Steiwer
Fletcher	Johnson	Norbeck	Stephens
Frazier	Jones	Norris	Thomas, Idaho
George	Kean	Nye	Thomas, Okla.
Glass	Keyes	Patterson	Townsend
Glenn	King	Pittman	Trammell
Goldsbrough	La Follette	Reed	Tydings
Gore	Lewis	Robinson, Ark.	Vandenberg
Hale	Long	Robinson, Ind.	Wagner
Harrison	McKellar	Schall	Walcott
Hastings	McNary	Sheppard	Walsh, Mass.
Hatfield	Metcalf	Shipstead	Watson
Hayden	Morrison	Shortridge	

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is absent on official business in attendance upon the Geneva Naval Conference.

The PRESIDENT pro tempore. Seventy-five Senators having answered to their names, a quorum is present. The Senator from Nebraska [Mr. HOWELL] has the floor.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. HOWELL. Mr. President, I yield to Senators who have risen to present routine business.

REPORT ON PROHIBITION

Mr. SHEPPARD. Mr. President, I present for publication in the RECORD a report adopted by the Board of Temperance and Social Service of the Methodist Episcopal Church, South, at the annual meeting of the board on July 8, 1932.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The report is as follows:

REPORT ON PROHIBITION ADOPTED BY THE BOARD OF TEMPERANCE AND SOCIAL SERVICE OF THE METHODIST EPISCOPAL CHURCH, SOUTH, AT THE ANNUAL MEETING OF THE BOARD ON JULY 8, 1932

HISTORIC POSITION OF METHODISM

The warfare between Methodism and traffic in intoxicating liquors is inevitable and irrepressible. Our founder, John Wesley, branded the dram sellers of his day as "poisoners general," and his true followers to-day recognize the traffic as being the greatest public enemy of the individual, the school, the home, and the church. It is not a question of Puritanism or forcible individual repression, but of the "general welfare," of the right of society to protect itself from the alcoholic indulgence of individual citizens. Whatever form the warfare may assume, whatever be the particular battle in the war, the issue is always fundamentally between the selfish appetite of the drinker and the greed for gold of the seller on the one hand, and the protection of the individual, the home, and society on the other.

LIQUOR TRAFFIC CRIMINAL

United Methodism the world round declares to-day that the brand of the criminal should be placed upon a traffic which changes normal men and women into silly, reckless fools, and crazy, dangerous brutes, and thus not only destroys them individually but makes them a burden and menace to the entire social order. The killing of 35,000 and the maiming of nearly 1,000,000 persons in automobile accidents furnishes the basis for simply one unanswerable social protest against any relaxation of the prohibition law. During the past half century of warfare to remove the strangle hold of the liquor traffic upon the industrial, political, social, and domestic life of the Nation, Methodism has ever been in the forefront of every battle, and Methodist pulpits, Methodist district, annual, and general conferences have recorded relentless opposition to the traffic and invincible determination to outlaw it as the common enemy of the race. Whatever other church, social or political groups may say or do, Methodism will not lower her standards or agree to give a legal status to the traffic in intoxicants anywhere under the flag.

POSITION OF METHODIST EPISCOPAL CHURCH, SOUTH

Before and since the adoption of the eighteenth amendment the general conference of the Methodist Episcopal Church, South, has declared its approval of that amendment, and since 1920 its opposition to any modification or repeal. In 1930 the general conference at Dallas, Tex., adopted unanimously the report of the committee on temperance presented by Josephus Daniels, of North Carolina, chairman, and A. D. Betts, of South Carolina, secretary, in which report it was declared:

"We firmly set our faces against any recession from the constitutional outlawry of the liquor traffic. We highly resolve to enlist our every power to retain in full force the eighteenth amendment and all laws of State and Nation for its observance and enforcement. We will never surrender the advance made for national sobriety. We would add our clear and definite affirmation of the clear and inalienable right of every member of our church, whether minister or layman, to oppose and to vote against any candidate from constable to President who fails to stand for the principles herein advanced and approved. We urge our people to select public officers who believe in the enforcement of the law, not only because prohibition is the law but because it ought to be the law."